


AD-A270 547 NTATION PAGE

Form Approved
OMB No. 0704-0189

ated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this burden to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Office of Management and Budget, Paperwork Reduction Project (5704-0188), Washington, DC 20503

1. REPORT DATE 1993		3. REPORT TYPE AND DATES COVERED THESIS/DISSERTATION	
4. TITLE AND SUBTITLE Limitations to the Establishment of an Arms Supplier Regime		5. FUNDING NUMBERS	
6. AUTHOR(S) Wesley P. Hallman			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) AFIT Student Attending: Ohio State University		8. PERFORMING ORGANIZATION REPORT NUMBER AFIT/CI/CIA- 93-131	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) DEPARTMENT OF THE AIR FORCE AFIT/CI 2950 P STREET WRIGHT-PATTERSON AFB OH 45433-7765		10. SPONSORING/MONITORING AGENCY REPORT NUMBER	
11. SUPPLEMENTARY NOTES			
12a. DISTRIBUTION/AVAILABILITY STATEMENT Approved for Public Release IAW 190-1 Distribution Unlimited MICHAEL M. BRICKER, SMSgt, USAF Chief Administration		12b. DISTRIBUTION CODE	
13. ABSTRACT (Maximum 200 words) <div style="text-align: center; font-size: 2em; font-weight: bold;">93 10 6 06 1</div> <div style="text-align: center; font-size: 1.5em; font-weight: bold;">93-23529</div> 			
14. SUBJECT TERMS		15. NUMBER OF PAGES 96	
		16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT	18. SECURITY CLASSIFICATION OF THIS PAGE	19. SECURITY CLASSIFICATION OF ABSTRACT	20. LIMITATION OF ABSTRACT

**LIMITATIONS TO THE ESTABLISHMENT
OF AN ARMS SUPPLIER REGIME**

A Thesis

Presented in Partial Fulfillment of the Requirements for
the degree Master of Arts in the
Graduate School of The Ohio State University

DTIC QUALITY CONTROL

By

Wesley Phillip Hallman, B.S.

The Ohio State University

1993

Accession For	
NTIS CRA&I	<input checked="checked" type="checkbox"/>
DTIC TAB	<input type="checkbox"/>
Unannounced	<input type="checkbox"/>
Justification	
By	
Distribution/	
Availability Codes	
Dist	Avail and/or Special
A-1	

Master's Exam Committee:

Joseph Kruzal

Herbert B. Asher

Approved by

Advisor
Department of Political Science

ACKNOWLEDGMENTS

I express sincere appreciation to Dr. Joseph Kruzel for his help and insight throughout the writing of this thesis. I would also like to thank Dr. Herbert Asher for his suggestions and comments. Thanks go to the staff at SAF/IAX and the Monterey Institute of International Studies for their help with my research. To Silvana Rubino I offer sincere thanks for her help and support throughout the thesis process. Gratitude is expressed to the Air Force Institute of Technology for funding my graduate studies.

VITA

September 28, 1966 Born - Arcadia, California

1990 B.S., United States Air
Force Academy, Colorado
Springs, Colorado

1990-1991 Undergraduate Pilot
Training, Williams Air
Force Base, Arizona

1991-Present Graduate School, The Ohio
State University,
Columbus, Ohio

FIELDS OF STUDY

Major Field: Political Science

TABLE OF CONTENTS

ACNOWLEDGEMENTS	ii
VITA	iii
INTRODUCTION	1
CHAPTER I	
ARMS TRANSFERS AND THE INTERNATIONAL SYSTEM	5
A DEVELOPING ARMS MARKET	6
PAST RESTRAINT ATTEMPTS	16
THE DEBATE	19
CHAPTER II	
A BASE	26
REALIST ASSUMPTIONS	26
REALISM AND THE ARMS TRADE	29
CAN A CARTEL WORK?	35
CHAPTER III	
TOWARDS A THEORY OF AN ARMS TRADE REGIME	41
A MODEL ARMS TRANSFER REGIME	58
CHAPTER IV	
THE CRITICAL CASE: YUGOSLAVIA	62
RESOLUTION 713: THE IDEAL TRANSFER REGIME?	63
METHODOLOGY	67
BACKGROUND	69
THE RECORD	71
THE EFFECT	77
CHAPTER V	
CONCLUSIONS AND PRESCRIPTIONS	80
POST-COLD WAR US TRANSFERS	81
BIBLIOGRAPHY	90

INTRODUCTION

The world today is fraught with weapons displaying ever increasing capabilities to destroy. These weapons are not just the nuclear, biological, and chemical weapons of mass destruction most focused on by those concerned with proliferation. The advanced conventional weaponry currently transferred to the Third World creates new capabilities and new threats. The 1991 war in the Persian Gulf illuminated for the international community the inherent danger of this proliferation. Unfortunately, many drew the wrong lesson from the Gulf War. This lesson was that weapons transfers should be severely restrained or eliminated in order to fight proliferation and bring peace, stability, and economic development to the Third World. This harkens back to the mid-to late-1970s debate on the failed arms transfers restraint policy of the Carter Administration. In summing up the debate, Richard K. Betts presciently stated that:

these old [arms restraint] impulses may be dormant rather than dead... [P]olicy tends to oscillate between complacent optimism and near-hysterical alarm. In the first three years of the Carter Administration, the pendulum swung in the latter direction. But once the dust settles, adrenalin runs down, and the Byzantine fluidity of alignments in the Near East swamps American

leaders a few times, there may be a renewal of skepticism about arms transfers, if not the rebirth of hope in the evolution of world politics toward harmony.¹

The end of the Cold War and the experience of the Gulf War have led to this predicted resurgence that requires renewed insights and analysis both theoretically and practically.

The proposed restraint policies would be instituted by an arms suppliers' cartel or regime that would govern all arms transfers. This view fails to recognize two important points. First, such a regime is not desirable. This undesirability stems from a lack of recognition of the security interests that drive the demand for arms internationally. For the importing nation, the need to defend against perceived threats requires the procurement of forces necessary for self-defense. Because they do not have the industrial or knowledge bases necessary for the efficient production of arms, they find it more desirable to import the weapons. For the exporting nation, weapons transfers gain them foreign currency, lower production costs, and real or perceived influence in the recipient states. Weapons transfers in conjunction with diplomatic processes can actually lead to more stable Third World regions if those transfers allay the security concerns of the recipient states. Also, summarily denying arms to any region inherently picks winners and losers in the region by significantly advantaging those states who either have

¹ Richard K. Betts, "The Tragicomedy of Arms Trade Control," International Security 5 (Summer 1980), 80.

domestic production capabilities or already possess a distinct military advantage.

Second, even if it were undesirable, an effective suppliers' cartel is unattainable and impractical given the nature of the international system. The axiom of the weapons transfer community says, "If not from us, then from whom?" If a state does not buy from us they will find someone, whether openly or on the black market, who will supply the desired weaponry. As long as threats and tensions remain in the international system, the demand for arms and the factors encouraging transfers will push nations to engage in the arms trade. Pushing transfers onto the black market decreases transparency and exacerbates tensions instead of relieving them.

The first section of this thesis gives a background on the development of the arms trade, the theoretical debate over the control of the trade, and the attempts to control it since World War I. With this debate in mind, the second section deals with the theoretical implications of a suppliers' cartel. It begins with an overview of Realist Theory assumptions and develops a theory of the implications of a working arms cartel. This is essentially to explore the desirability of a cartel separate from the question of feasibility. Section III then derives from contemporary regime theory a model of what the ideal arms transfer regime would look like. From this ideal model, a critical case can

be chosen that conforms to the model. The fourth section presents the case of the former Yugoslavia and the international arms ban as the critical case. Finally, Section V states that an arms suppliers' regime or cartel is both undesirable and unattainable. I then conclude that United States and international efforts should focus on the root causes of Third World tension while at the same time exercising an arms transfer policy that incorporates restraints driven by a strategy based on our long-term national interests.

CHAPTER I

ARMS TRANSFERS AND THE INTERNATIONAL SYSTEM

In order to examine the desirability and feasibility of an arms suppliers' regime, one must first understand the history, trends, and theories of the arms trade. Important considerations include first, who are the suppliers of arms to the Third World? Are these suppliers from the First, Second, or Third Worlds? Do these suppliers hope to gain political ends, military ends, and/or economic ends from this trade? On the demand side, who are the recipients--Latin America, the Middle East, Africa, South Asia? Is the trade region-specific because of instability or is it world wide because of power considerations? Besides the structure of the market--the black box--one must know the interworkings of the market--what is inside the box. Considerations include arms transfer regulations within the supplier states, end use restrictions, and, most importantly, attempts at state and system-wide supplier restraint. After examining the general aspects of the arms trade, a critical case can be chosen and analyzed in light of historical experience and theoretical examinations, letting us assess the prospects for the future.

A DEVELOPING ARMS MARKET

Since the development of mass produced arms, there has been an international arms market. "From the very beginnings of the modern arms industry during the Industrial Revolution of the mid-nineteenth century, the sale of weapons abroad has been an integral part of its business."² Manufacturers such as Alfred Krupp of Prussia and Lord Armstrong of England depended on the export of their arms for their continued survival and for the capital to improve their weapons and production processes:

Two characteristics were very striking from the start. Firstly, the development of armaments was regarded as inseparable from the whole movement of industrial progress. Secondly, it was of all industries the most global.³

However, these sales were mainly to other "First World" or Colonial powers since these states dominated much of the Third World. While Latin America was a market for warships and rifled weaponry in the nineteenth and early twentieth century, this market was by no means the "bread and butter" of the industry.

Before World War I, arms trades with what is now considered the Third World were minimal at most. Dealings

² Paul L. Ferrari, Jeffrey W. Knopf, and Raul L. Madrid, U.S. Arms Exports: Policies and Contractors (Washington: Social Issues Service, 1987), 2.

³ Anthony Sampson, The Arms Bazaar (London: Hodder and Stoughton, 1977), 33.

were between private companies and recipient states, consisting mainly of small arms and munitions.⁴ The trade begun by Krupp and Armstrong, however, had developed considerably. Known collectively as the Merchants of Death, these arms producers handled all aspects of what we now call arms transfers--production, marketing, sales, and delivery. These were private sales not controlled by the domestic government, not seen as a way to gain political control of the recipient state, and not calculated in terms of national grand strategy. The gun merchants' credo "as expressed by Andrew Undershaft, the villain of George Bernard Shaw's 'Major Barbara,' was clear and unashamed: 'to give arms to all men who offer an honest price for them, without respect of persons or principles.'"⁵ This policy and system led to a large trade between the developed countries of Europe giving rise to the post-World War I "popular idea in the United States and elsewhere...that the 'massive' armaments buildups were responsible for the holocaust [of World War I], and these buildups were in turn the responsibility of the arms traffickers."⁶ Following the war, with the disarmament talks like the Washington Naval Conference, the 1920s and '30s were marked by the first serious attempts to track and discourage

⁴ Cindy Cannizzo, The Gun Merchants: Politics and Policies of the Major Arms Suppliers, ed. Cindy Cannizzo (New York: Pergamon Press, 1980), 1.

⁵ Ibid.

⁶ Cannizzo, 2.

the arms trade. These measures were significant and will be covered later in this section when restraint attempts in arms trade are discussed.

While arms exports did drop in the down years of the early- to mid-1930s (along with most other exports), rising worldwide tension in the late 1930s led to a dramatic shift in arms transfers:

"[T]he public attitude towards armaments was already changing. In October 1935 Mussolini invaded Abyssinia; in March 1936 Hitler invaded the Rhineland; in July 1936 the Spanish civil war began... Whatever the prospects for disarmament may have been in the 'twenties, Hitler's determination to arm Germany in the 'thirties could hardly be blamed on Vickers (a major British arms producer and exporter)."

Britain and France shifted production priorities from foreign to domestic demands. With the beginning of World War II, the United States became the "Arsenal of Democracy" that Woodrow Wilson had envisioned in 1917. The lend lease program established the US as the largest arms exporter in the international system. This status carried over from World War II into the Cold War era and continues to this day. Again, most of the arms supplied during this time were to already industrialized nations and not to the underdeveloped Third World that had yet to experience the upheaval of decolonization and the Cold War. Important in this period was the replacement of individual companies with government agencies as the major arms dealers, "partially because as a

⁷ Anthony Sampson, 87.

result of the war effort and partially as a result of the increasing controls stemming from the 1930s."^{*} The war was a watershed in the arms transfer system. No longer was Europe the supplier of choice. Devastated and demoralized by the war, Europe invested its few remaining resources in the rebuilding of its civilian infrastructure. The two centers of power left by the war now also became the foci of the arms trade. "The center of the arms industry shifted from Europe to the Soviet Union in the East and to the United States in the West... And there it remains."⁹

The division of power following World War II coincided with a division of ideology. The Cold War was fought on many fronts, and arms transfers to the Third World was a major one. While World War I had led to the popular conception of the "Merchants of Death," World War II had the opposite effect with arms producers seen as the saviors from Fascism. Thus, in the Cold War competition, arms transfers and their benefits were seen as legitimate tools of foreign policy and grand strategy. With this legitimacy came a new liberalism in arms transfers based on an old argument. The crux of the producers argument for a liberal transfer policy dated back to 1918 and Sir Basil Zaharoff himself: "the sale of arms is part of national prosperity, and the nation which sells to other nations understands best the real military and naval position

^{*} Cannizzo, 2.

⁹ Cannizzo, 3.

inside those countries to which it sells."¹⁰ Arms simultaneously became a source of post-war recovery cementing alliance relationships, providing access to political and military elite, gaining valuable intelligence, and furthering ideological aims. While Sir Basil's argument played well with the economic and military strategists, the public was more moved with the ideological motives. "The use of armaments as bulwarks against Communism or aids to the overthrow of capitalist imperialist rule continued throughout the 1950s and 1960s and can still be found as a rationale today."¹¹ Legitimized by these and domestic economic rationales and with the economic and military recovery of Europe, arms transfers to the Third World increased significantly through the 1950s and 1960s. By 1968, at the height of the Vietnam Conflict, arms transfers from the First World to the Third World exceeded those to other First World countries for the first time and never reversed.¹² During this development in the volume of trade there was a parallel increase in the regulations governing the trade. Key in these regulations were end use constraints on the arms recipients. Weapons could not be retransferred or used for certain purposes unless first approved by the original supplier. These strings

¹⁰ Sampson, 55.

¹¹ Cannizzo, 3.

¹² Andrew J. Pierre, The Global Politics of Arms Sales (Princeton: Princeton University Press, 1982), 12.

attached to the arms did not dissuade states from buying, however.

Since the late 1960s, arms transfers have boomed. Nations have competed more and more on economic and capability terms. With increasing weapons sophistication and cost, along with economic realities forcing more producers to rely on the international markets, recipient states no longer were restricted by an ideological straightjacket and could successfully shop the market. A case in point was the Shah of Iran:

[T]he Shah was buying from arms companies everywhere, and by the next year, 1966, he was allowed by the Pentagon to acquire the latest version of the McDonnell Phantom fighter, the F4D... He was still anxious not to depend on any one country, and he loved to play nations against each other. He bought extensively from Britain and France, and just after the Phantom deal he played his boldest hand. He flew to Moscow and in February 1967 announced an arms deal involving \$110 million of military equipment...¹³

This playing off of one country against another did not discourage arms transfers but instead encouraged even greater arms sales to keep the recipient "in our camp"¹⁴ and contributed to the shift away from ideologically based transfers and the rise of European and Third World producers.¹⁵

¹³ Sampson, 247.

¹⁴ This was a trend that would be followed in Egypt, Somalia, and Kuwait.

¹⁵ Lewis W. Snider, "Arms Transfers and the Diffusion of Power: Implications for Foreign Policy," Military Assistance and Foreign Policy, ed. Craig M. Brandt (Dayton, Ohio: Air Force Institute of

In the mid- to late-1970s, the Carter administration instituted efforts to practice arms restraint policies in cooperation with the Soviet Union and the US' NATO allies in what became known as the Conventional Arms Transfer Talks (CAT). With no real cooperation from the other suppliers in the system, this policy was a failure and was, therefore, readily cited by the arms industry and politicians amenable to liberal arms transfer policies as why restraint was and is utopian. This attitude is readily seen in the comments of Reagan Administration Undersecretary of State for Security Assistance James Buckley when he stated that the Carter arms-transfer restraint policy was "a misguided moral exercise that 'substituted theology for a healthy sense of self-preservation.'" ¹⁶ With the end of the Carter Administration and the increase of Third World conflicts ranging from Afghanistan to the Persian Gulf to Central America the arms trade again picked up steam in the 1980s.

The demise of the Cold War has not stemmed the flow of arms to the Third World. Though ideology waned as a motivating factor for the sale of arms to the Third World, it also provided restraint to the sales of weapons to those seen as in the opposites camp. The end of the Cold War has meant the removal of this restricting template from the world system

Technology, 1990), 37.

¹⁶ William D. Hartung, "Why Sell Arms? Lessons from the Carter Years," World Policy Journal (Spring 1993), 58.

and has allowed many Third World nations to fulfill their perceived security needs in a more pragmatic fashion. At the same time, in wake of the 1991-92 Gulf War, many people are calling for the international community "to take steps to prevent a repeat of the situation that permitted Saddam Hussein, as well as other leaders in the region, to buy essentially whatever weapons they could pay for on the international market."¹⁷ Again, many pundits and theorists are accusing the arms exporters of being the Merchants of Death.

Along with the development of the current state of the arms market, arms transfers have been experiencing three long term trends that threaten transfer restraint agreements and many of the goals of arms control. The first of these trends is the qualitative shift in the capabilities of the weapons systems transferred to the Third World. In the immediate post-World War II era throughout the early period of the Cold War, arms transfers largely dealt with war surplus and second hand equipment. Beginning in the mid- to late-1960s, first line equipment went directly to Third World client states:

Even in the early 1960s, the aircraft transferred to the developing world more often than not were ten-year-old American F-86s and Soviet MiG-17s rather than the first line planes of the period (such as F-4s and MiG-21s). In contrast, today many of the arms being sold are among the most sophisticated in the inventories of the supplier states. This is most strikingly evident with certain

¹⁷ Lee Feinstein, "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 22 (June 1992), 11.

advanced fighter aircraft. The F-15, the most sophisticated plane of its type, is being sold to Saudi Arabia and Israel, and plans are in progress to have it co-produced in Japan; the soviet MiG-23 is being exported to several nations in the Middle East, as is the French Mirage F-1.¹⁸

This trend has not reversed since the end of the Cold War with advanced Patriot technology going to the Israelis and F-16s going to, among other countries, Taiwan. As per-unit costs skyrocket and competition for markets to obtain economies of scale becomes even more fierce, this trend is likely to accelerate not reverse.

The second and most disconcerting trend in the arms market is the rise of Third World producers. Spurred into the market by domestic security concerns, perceived economic and technological gains, or both, Third world suppliers have risen rapidly through the 1980s and early-1990s. In 1981 Andrew J. Pierre noted that Third World producers accounted for only "4.4 percent of world arms exports" and that "because these countries are mainly dealing in second-echelon technology, and in most cases cannot provide the political support principal suppliers do, which is often part of the attraction of doing business with them, these arms producers are unlikely to present a serious challenge to the four major suppliers."¹⁹ Yet by 1991, the Big Four had expanded to the Big Five with the inclusion of China. Israel is actively marketing its arms

¹⁸ Pierre, 10.

¹⁹ Pierre, 13.

technology in Latin America and South Asia, and North Korea is currently providing Syria with ballistic missile technology. "In the first half of the 1980s arms exports by developing countries grew rapidly at an average rate of 21 percent annually..."²⁰ With the breakup of the Soviet Union, the new Central Asian nations, in desperate need of hard currency, are holding fire sales of former Red Army equipment. While their technology is not on a par with the US or Europe, their weapon systems are effective and more often than not come without the strings attached to transfers from the First World, thus making them very attractive to many Third World leaders.²¹

Related to the second trend is the rise of co-production agreements between First and Third World states. This involves the transfer of very sophisticated technology to the recipient state enabling future domestic production capabilities free of control from the original supplier state. This trend can be seen US deals with Israel in the co-development of Israeli Aircraft Industries' (IAI) Lavi fighter, with Japan in the development of the F/X project, with Taiwan in the their domestic fighter effort. "As a result of this trend, there has been a spread in sophisticated weaponry around the globe."²² These trends, taken as a

²⁰ Ralph Sanders, Arms Industries: New Suppliers and Regional Security (Washington: NDU Press, 1990), 9.

²¹ Snider, 36.

²² Pierre, 11.

whole, raise yet another barrier to the creation and implementation of an effective arms supplier cartel, yet calls for these arrangements have continued.

PAST RESTRAINT ATTEMPTS

The first concerted attempt at slowing the flow of arms for the purpose of advancing the goals of peace and mutual security was made in the 1930s in response to the "Merchants of Death" of the World War I period. These efforts in the United States resulted from the findings of the Nye Committee of 1934-36 "which seemed to confirm the worst suspicions about the cynical greed of the arms makers and their international conspiracies."²³ This was a three mechanism response meant to stem the flow of arms:

One response was the register of all arms transfers with the League of Nations and later the convening of the Geneva Arms Conference...

A second response involved investigatory committees [into the practices of the arms merchants]...

The third response--control by national governments--stemmed from the findings of these committees and the moral directives of the League.²⁴

During the early 1930s, arms transfers were severely curtailed. However, this was "due more to the general economic depression with subsequent trade and tariff barriers and competitive devaluation than to effective government

²³ Sampson, 77.

²⁴ Cannizzo, 2.

regulation.²⁵ With the coming of World War II, steps to stop the arms trade were slowed or even stopped. However, government control over most arms transfers became the norm through the efforts of the 1930s. This was and is a necessary step to any further restraint attempts but is by no means sufficient. "Despite the fact that government involvement was originally intended to slow and regulate the arms trade, it has been more responsible for the massive expansions."²⁶

The first post-World War II comprehensive attempt at cooperative arms transfer restraint was President Carter's CAT negotiations initiated in 1977. Despite their relatively short-lived nature, these talks produced a few results:

In four negotiating sessions between July 1977 and December 1978, the U.S. and Soviet teams agreed on a number of general principles regarding the types of weaponry that should be subject to control and tabled some specific language on a number of issues, including limiting the sale of weapons that are particularly devastating to civilian populations. By the fall of 1978, there was even movement toward discussion of limits on sales to specific regions.²⁷

This effort died for two reasons. First, it ignored the "reality" of the international system and, therefore, did not have the support of many realists in the Carter Administration--Zbigniew Brzezinski being the most prominent opponent. "Brzezinski launched a successful bureaucratic attack on the CAT talks, and by December 1978 they were dead

²⁵ Ibid.

²⁶ Cannizzo, 15.

²⁷ Hartung, 60.

in the water."²⁸ The second and most often overlooked reason for failure was that the talks did not include the other suppliers in the system. At the time it was assumed that with the US and the Soviet Union on board, the other suppliers in NATO and the Warsaw Pact would be forced to go along. This assumption cannot be made, especially in the case of the French. Third World producers were completely ignored.

Today there are two on-going efforts to control arms transfers: the Middle East Arms Control Initiative, and the UN's building block approach through the registration of all arms transfers. The latter of these efforts is seen "[a]s part of the wider transparency process" that can build confidence and diminish regional tensions.²⁹ The Middle East efforts have stalled following a communique issued that enumerates basic transfer principles agreed to by the Big Five. Yet all the "rhetoric about the need to limit arms transfer," so far "there is no indication that any sales have been foregone."³⁰ Added to this, "The Big Five have not looked at regional discussions to limit demand for arms sales."³¹ Thus, with these trends and a new administration

²⁸ Ibid.

²⁹ Ambassador Hendrik Wagenmakers, "The UN Register of Conventional Arms: A New Instrument For Cooperative Security," Arms Control Today 23 (April 1993), 16.

³⁰ Natalie Goldring, "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 23 (June 1992), 12.

³¹ Goldring, 13.

in Washington, the outlook is bleak for any near-term success. We are thus left with the same conclusion that Richard Betts drew in 1980, "The precedents for restraint are all discouraging."³²

THE DEBATE

Despite or because of these attempted and failing efforts at arms transfer controls, there continues in the literature a debate as to the efficacy and desirability of an arms suppliers' regime. The pundits and theorists have ranged from those who see a regime as the best hope for the institution of peace and regional stability in some of the world most dangerous flashpoints to those who see any effort at controlling supply without attacking demand as a "will-o'-the-wisp."³³

The current debate dates back to the mid- to late 1970s and coincided with the Carter Administration's restraint policy. Paul Warnke, then director of the Arms Control and Disarmament Agency (ACDA), stated that restraint should start in the United States and then, through example, be extended to Russia and the Europeans. Further, he believed that only through unilateral actions could the US provide a legitimate platform to build a cooperative restraint regime. "The essential goal for Warnke was to reverse the existing

³² Betts, 83.

³³ Pierre, 3.

assumptions about arms sales: they must be regarded as unnecessary and undesirable, unless proved otherwise; and only when there was a clear advantage to American national security should they be allowed."³⁴ In his ground breaking study of the history of foreign arms sales, Anthony Sampson agreed with Warnke and suggested that "the arms trade feeds on itself, and weapons breed more aggression, heading back toward international anarchy and poverty."³⁵ He stated the way towards limiting the arms trade was defense conversion and using the US' "considerable leverage over her allies" to keep the British and French from transferring weapons. Arguing against these idealist proponents was Lord Goronwy-Roberts, British Minister of State for Foreign and Commonwealth Affairs, when he addressed the 1976 UN conference on the limitations of transfers. His position was that limitations based on a suppliers' cartel were impossible in the face of continued demand. He said, "If the demand is not there, the suppliers will not be able to export." Former Secretary of State Henry Kissinger expressed the same thought and continued that agreement among suppliers to regulate arms sale constituted a "cartelization" of the arms trade and that "cartels had historically worked effectively when suppliers

³⁴ Sampson, 330.

³⁵ Sampson, 337.

shared some interests; there were no common interests among the larger producers of arms."³⁶

Richard Betts, taking a more pragmatic than theoretical position, concluded after the demise of the Carter efforts that "one of the few tangible results of limiting sales is economic loss to the United States. The extent and import of the loss are debatable, but there is certainly no immediate gain."³⁷ He went on to state that the proponents of arms transfer control have never shown transfers to have any real "global relevance" in starting wars. Betts theoretically looked at the concept of transfer control alone as a tool for introducing stability to the Third World. He found that such controls display "paternalistic naivete" on the part of the developed world and that the true means of introducing stability is by "subordinating arms limitation to arms control."³⁸ By this he meant that regional security systems that control demand should be initiated and that regions should be treated separately when considering transfers.

Following the debacle of Carter's CAT talks, the early 1980s saw both more unrestricted transfers of arms and a more balanced approach to the arms trade based less in idealist assumptions and mores. The first of these writers was Andrew Pierre with his study The Global Politics of Arms Sales.

³⁶ Pierre, 283.

³⁷ Betts, 82.

³⁸ Betts, 108.

Following an extensive study of the trade, Pierre ends in calling for the need for the international management of the arms trade. This management could come about in a three step process: 1) mutual example--policies of restraint adopted unilaterally," 2) formal agreements--verifiable treaties establishing specific limits and prohibitions,⁴⁰ and 3) informal negotiations--providing a forum and transparency to maintain a suppliers cartel.⁴¹ While Pierre attempted to take a pragmatic view of the trade, his conceptions of controlling mechanisms still were based in the idealist assumptions that arms in and of themselves cause conflicts. In the realist camp are R.D. McKinlay and A. Mughan. In their 1984 book, Aid and Arms to the Third World, they conclude that transfer controls are ineffective at best. They suggested that the likely future of arms transfers would be increasing dollar values of arms sales in the absence of any controls on demand. "After all, official transfers exist only because of an interplay between demand and supply," thus "unilateral action on the part of one of them [supplier states] to alter the political status quo would hardly prove acceptable to the others."⁴² Seconding this conception of the transfer market

³⁹ Pierre, 291.

⁴⁰ Pierre, 292.

⁴¹ Ibid.

⁴² R.D. McKinlay and A. Mughan, Aid and Arms to the Third World (New York: St. Martin's Press, 1984), 266-67.

was Gregory S. Sanjian who purported to find in his 1988 study that the Superpowers, who at the time accounted for the vast majority of the arms trade with the Third World, conform to an expected-utility model of transfers based on the political and economic incentives to trade. Further, these incentives still exist today and will continue to exist into the future absent any decline in the demand for arms.⁴³

Unfortunately, most of this literature is couched in the context of the Cold War. It assumed a continuing strategic and ideological competition between East and West. North/South issues, the rise of alternative producers, and the decline of ideologically based transfers have been largely ignored in the literature. The debate, however, continues--especially given the stimulus of the 1991-92 Gulf War.

The idealists have produced much material recently. On 14 April 1993 the World Policy Institute of the New School for Social Research launched a project on the control of the international arms trade. The Institute and the project leader, William D. Hartung, posit that:

The unrestrained traffic in conventional arms and military technology has emerged as one of the primary security challenges facing the international community... Arms transfer controls can no longer be viewed as a noble goal to be cast aside when other pressing political or security concerns come to the forefront: controlling the

⁴³ Gregory S. Sanjian, Arms Transfers to the Third World: Probability Models of Superpower Decisionmaking (Boulder, Colorado: Lynne Rienner Publishers, 1988), 99.

proliferation of the weapons of war must become a first principle of U.S. national security planning."⁴⁴

To this end, Hartung has proposed a swift revival of the Big Five talks and a unilateral "moratorium on new U.S. arms sales to the Middle East for a period of six months to a year, to provide time for the discussions to bear fruit."⁴⁵ Agreeing with Hartung's position is Ambassador Hendrik Wagenmakers who argued in Arms Control Today that there needs to be a mechanism to "avoid a reoccurrence of the accumulation of excessive and destabilizing conventional weapons, as occurred in Iraq prior to its invasion of Kuwait."⁴⁶ To this end he has proposed a UN register as an interim transparency mechanism that could be used as a basis of a future suppliers' cartel. Finally, Lee Feinstein stated recently that the new Middle East Arms Control Initiative, if seriously pursued, would "have enormous potential to limit the arms trade," and that the US "has the ability and the obligation to take steps to control the arms trade."⁴⁷

To further the debate, we need to explore arms transfers in the post-Cold War international environment. If the idealists above are right, and an arms transfer regime is

⁴⁴ Issue Brief on Conventional Arms Sales, World Policy Institute, January 1993, 1.

⁴⁵ Hartung, 63.

⁴⁶ Hendrik Wagenmakers, "The UN Register of Conventional Arms: A New Cooperative Security Instrument," Arms Control Today 23 (April 1993), 16.

⁴⁷ Feinstein, 12.

possible and needed given the right circumstances, then we should be able to find a case that conforms to these criteria are present and the regime is a success. On the other hand, if the realists are right, we should find a critical case where all the inputs to an ideal cartel are present yet the goals of the cartel are not realized. It is this examination that will follow.

CHAPTER II

A BASE

According to Lee Feinstein, assistant director of research at the Arms Control Association, the need to limit arms sales, especially to Third World regions with a high degree of militarization such as the Middle East, "is self evident."⁴⁴ While this is the position of many theorists and pundits alike, we should not be so cavalier with regard to the moral, political, and practical aspects of limiting arms sales to any region of the world much less make the above assertion a blanket one. It is essential that we take a step back and determine the implications of an arms suppliers' cartel or regime and develop effective policy prescriptions from the conclusions derived from a theoretical and practical study of the question.

REALIST ASSUMPTIONS

Before beginning a critical analysis of the concept of supply-side arms control, it is important to first state what assumptions are made about the international system. For these assumptions, I rely heavily on those made by the

⁴⁴ Feinstein, 11.

"realists" theorists. First, the international system must be looked at as a whole. A system according to Robert Keohane "consists of a set of interacting units exhibiting behavioral regularities and having an identity over time."⁹ Within this system, states are the units referred to by Keohane. While one can argue that multinational corporations, international institutions, and interdependence has eroded the independence of action and importance of the state-as-actor, states and the concept of state sovereignty have remained the most powerful organizing factor in the international environment.

The structure of the international system is a function of the distribution of power within the system. This distribution of power governs the interactions between states within the system. There are a multitude of predictions made from the nature of the structure be it bi-polar, uni-polar, or multi-polar. What is of concern to this piece, however, is the primordial drive or motivation assumed by this theory--self-preservation. The main interest that a state has is thus maintaining and expanding its freedom of action or sovereignty thereby ensuring its continued existence. To realists, the concept of interest is "defined in terms of power," and that international politics can, therefore, be defined "as a continuing effort to maintain and to increase the power of

⁹ Robert O. Keohane, "Realism, Neorealism and the Study of World Politics," Neorealism and its Critics, ed Robert O. Keohane (New York: Columbia University Press, 1986), 14.

one's own nation and to keep in check or reduce the power of other nations."⁵⁰

Self-preservation is thus the over-riding moral force that governs the interactions between states. In the state of anarchy that exists in the international system today, where self-help is the rule and the norm, state decision-makers have the moral responsibility to insure that the state is protected from any internal or external foe that threatens its power, sovereignty, or existence. While these threats may be real or perceived from an objective standpoint, for the state they are a reality that must be dealt with to ensure survival and security. These threats can come from many aspects of power; we are, however, concerned with military threats. Military threats are a direct challenge to the physical security of a nation. Like power, security is a relative concept. For a nation to have security vis-a-vis another nation, it must feel that it has the means to deter a military assault and/or defeat such an assault. If this capability is developed, then the target nation no longer possesses security. Thus we have a security dilemma.

The security dilemma and the drive for military security can and does often lead to arms races and regional tension. Governed by the primordial desire to amass power and to gain superiority over other states in the interest of security,

⁵⁰ Hans J. Morgenthau, Politics Among Nations, Sixth ed, rev. Kenneth W. Thompson (New York: McGraw-Hill, 1985), 14 & 249.

mutually fearful states are forced into escalating efforts to provide for self-security. These efforts, derived from the moral obligations and legitimate goals and workings of the state, cannot be condemned in and of themselves. It is from this conclusion about the nature of the international system that the desirability and efficacy of an arms suppliers' regime must be analyzed.

REALISM AND THE ARMS TRADE

Why have so many politicians and political thinkers suggested setting up an arms suppliers' regime? What are the perceived benefits, and what if any drawbacks are discussed? Theorized benefits from an arms suppliers' regime include:

1. A lessening of regional tension brought on by the extreme militarization of the region;
2. Preventing mutually disruptive arms races;
3. Allowing Third World funds that would go towards arms purchases to now be redirected towards national and regional development;
4. Making any war that should break out less lethal and less protracted.

Like all arms control initiatives, the overall goal of a suppliers' regime is to foster confidence, lower tensions, and break the spiral of the security dilemma. While these are all noble goals, it is suspect that controlling the supply side of the arms market can or should be used to foster them.

First, does limiting the supply of arms truly limit regional tensions? As stated above it is the moral responsibility of states to provide for their own defense and counter any threat. Regional tensions may arise because of

many varied reasons. These tensions are exacerbated, however, when threats outweigh the state's current ability to counter those same threats. Herein lies a state's sense of a lack of security and of a state's demand for arms. In the industrialized world this demand can be met by utilizing the pre-existing domestic infrastructure to manufacture the needed armaments. In the non-industrialized Third World, however, states do not have this option; their demands must be filled by importing from the various arms exporters in the system or by developing their own arms production capabilities.

By setting up a suppliers' cartel that denies weapons to countries with security needs, is stability really enhanced? The answer is no. Weapons are not the root cause of tension but are instead procured to safeguard the state. While at times arms can exacerbate tensions as in the case of the Cuban Missile Crisis, they were the proximate cause of the crisis not the necessary and sufficient cause of the tensions leading to Soviet-American conflict. A metaphor for the threatened state is that of a wild animal that is cornered. By cornering the animal, we deny it the option of an escape route. While we may be more massive and powerful, this animal may see no alternative but to attack to maintain its survival. A non-industrialized state suffering from a severe security deficit faces the same lack of options if it is denied the escape route provided through the importation of arms. Embargoing arms to a region favors the state that has either a production

capability or an alternative supply of arms (through covert transfers or blockade busting). The state without this capability faces a deteriorating security situation, thus heightening instead of dispelling regional tensions. Even in the case of an effective arms embargo in a region where no production capabilities exist states can and will use the option of the black market to partially fulfill their security needs. Because black market supplies are unpredictable and unstable, these supplies do not engender the much needed confidence in the recipient state. If all states legally, efficiently, and openly procure the weapons deemed necessary to counter the threats present, these states will be less concerned about attacks. Stability, in fact, could be enhanced. We must, therefore, focus not on arms themselves as the cause of the tensions present in the international system. The desire for armaments is more accurately a function of those tensions, not their cause.

The second point of arms restraint proponents--that mutually disruptive arms races will be prevented--is unfortunately utopian. Since we are conceptualizing a situation where demand already exists because of a state's perception of a real threat, is it not the case that if weapons to counter this threat cannot be imported, then national resources can and will be mobilized to enable the domestic production of war materials. From Iraq and Libya to South Africa and North Korea, we already see arms production

capabilities growing in the Third World. Any First World suppliers' cartel would further enhance this trend at a time when resources are more scarce than ever. With such domestic arms production capabilities, arms races will only be controlled by the availability of resources for arms production. Furthermore, arms races can only be stemmed by attacking the root causes of the regional tensions that are driving the states' security needs. The security dilemma is predicated upon there being a threat or an uncertainty of intentions between states. Diplomatic processes may assuage these root causes of tension, but attempting to restrain supply will not.

The lack of recognition of domestic production capabilities is an inherent weakness in the arms restraint literature. This weakness is especially underscored by the arms versus development argument. According to the United Nations, world military expenditures in 1991 exceeded over \$900 billion and that "[a]rmaments have accumulated and become more sophisticated, absorbing scarce resources to the detriment of economic and social development in many countries."⁵¹ This fact is undisputed. But a suppliers' regime exacerbates this problem instead of helping it. We have already seen an example of this in Brazil. In 1977 Brazil abrogated a 25 year arms supply agreement with the US

⁵¹ United Nations Disarmament Facts: 78 (New York:United Nations, 1991), 15.

because of President Carter's human rights pressures. By 1987, "eighty percent of Brazilian military needs are filled by indigenous production, and estimates of the value of foreign sales for 1985 range from several hundred million to \$2.5 billion."⁵² According to economic theory, the imperative for individuals as well as nations is to specialize and find a comparative advantage in the production of some good. This specialization through the workings of the market is to the advantage of all by lowering costs and maximizing benefits for the entire system. Arms production is no different. It would take Indonesia vastly more resources to develop and build an advanced fighter aircraft than it would France. France has the technical and industrial infrastructure already in place for domestic production. Indonesia would have to import the machine tools, the technical expertise, and devote its limited industrial complex towards both development and production. All these resources would not then be available for the necessary domestic investment in schools, roads, etc. It is much more economical for Indonesia to import a fighter from France. The resources saved could then foster the economic and social development called for by the UN.

Again it must be emphasized that the demand for these weapons is present. In the state of anarchy, all states strive to maintain their freedom of action. Maintaining an

⁵² Ferrari, 9.

armed force capable of deterring attack or defeating a prospective enemy intent on denying that freedom of action is a legitimate and necessary goal of the state even though the provision of these forces has significant costs for society as a whole. According to Kenneth Waltz, "Defense spending...is unproductive for all and unavoidable for most. Rather than increased well-being, their reward is in the maintenance of their autonomy."³

The last point, that Third World conflicts will be less lethal because of a supplier's cartel, is also suspect. Without the means for decisive victory, states may enter cycles of protracted conflict that may yield in time the same quantity of casualties but with more severe suffering due to the length of the conflict. Added to this, a First World suppliers' regime would in effect pick the winner of a conflict and spell destruction and doom for the loser. By its nature, a suppliers' regime favors those nations who already have potent military capabilities or who have the domestic capability to produce military hardware. The First World cannot escape this dilemma. While maybe limiting the overall casualties on both sides of a conflict, limiting supplies dooms the lesser state to at best surrender and to at worst slaughter. Moving to the realm of morality, it would seem that arbitrarily cutting arms trades is the more immoral act

³ Kenneth N. Waltz, "Anarchic Orders and Balances of Power," Neorealism and its Critics, ed Robert O. Keohane (New York: Columbia University Press. 1986), 104.

then the legitimate selling of arms. Arms sales can thus be a legitimate tool of policy to balance otherwise uneven military capabilities.

Taking all these points as a whole, one must conclude that on theoretical and moral grounds, the need to limit arms transfers is not in and of itself "self-evident." The First World cannot be expected to know when a state's security concerns are legitimate, when exactly a state will use its weapons stores in an offensive manner, or when a Third World nation will re-transfer weapons to hostile groups. These variables are idiosyncratic to the states in the system and must be determined by the intelligence apparatuses of the exporting states. Thus on the systemic level, arms transfers cannot be condemned as the great evil that promotes war, destabilizes regions and hinders development. All arms transfers must be made with regards to the best information attainable by the exporting states and with regards to the interests of both the exporting and importing states.

CAN A CARTEL WORK?

Having stated the theoretical and moral objections to a suppliers' regime, these positions can be argued back and forth. The practical concerns of a regime or cartel are even more troublesome and will be used to show that the above theoretical discussion is merely an academic exercise in a "what would happen if" situation. One of the recent attempts

at a suppliers' regime that will be discussed later has been President Bush's Middle East Arms Control Initiative. This attempt at cooperative restraint has identified eight situations where arms transfers should be avoided. The suppliers would avoid transfers which would:

- be likely to prolong or aggravate an existing armed conflict.
- increase tension in a region or contribute to regional instability.
- introduce destabilizing military capabilities in a region.
- contravene embargoes or other relevant international restraints to which the Big Five [the US, China, France, Great Britain, and Russia] are parties.
- be used other than for the legitimate defense and security needs of the recipient states.
- support or encourage international terrorism.
- be used to interfere with the internal affairs of sovereign states.
- seriously undermine the recipient state's economy.⁵⁴

All these are noble goals and strategies. Where the impracticability of implementation arises, however, is in getting the suppliers to agree when such conditions are met.

Let us first look at the first point. Transfers should be avoided where they will prolong a conflict. Was not the Iran-Iraq war a classic example of a Third World conflict between nations without the ability to produce an adequate supply of arms. This war was drawn out over eight years with none of the "Big Five" eschewing arms transfers to the belligerents. China supplied Silk Worm missiles to Iran; France supplied missiles and Mirage jets among other things to the Iraqis; the US covertly supplied Iran with missiles; the

⁵⁴ Goldring, 12.

Soviets supplied Iraq with ballistic missile technology and MiG fighters; and Great Britain supplied Iraq with artillery and missile technology. Without these arms, it is arguable that the war of attrition waged by Iran and Iraq would have ended sooner, yet policy makers in the First and Second Worlds decided that it was in their and the recipient's interests to continue the transfers. For the United States, which was nominally hostile to both Iran and Iraq, it is very telling that we provided arms and assistance to both sides at one time or another during the war.

For the French, arms transfer restraint is an especially difficult policy to implement. French arms transfers are intimately related to its independent foreign and defense policies. Exports enable the French defense industry to economically develop and produce the weapons systems France needs to maintain its independent force structure. "About 65 percent of French production in recent years has gone to exports; in some aircraft lines, such as the Mirage aircraft built by Dassault, the figure is 90 to 95 percent."¹⁵ Forgoing transfers for the French is, therefore, a major shift in the policy calculations that affects both the political-diplomatic sphere and the defense-industrial sphere. Even in the discussion presently underway that do not specify any real arms cutbacks, "the industrial and economic interests remain

¹⁵ Andrew J. Pierre, "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 23 (June 1992), 15.

hesitant and skeptical."⁵⁶ While not as extensive in the other four of the Big Five, economic and domestic security interests are significantly intertwined with their arms transfer policies. Getting these countries to agree when their transfers will unnecessarily prolong a conflict is extremely difficult.

The Iran-Iraq case also illustrates a situation where transfers keep the region in a state of war. Thus they did not contribute to regional stability; the weapons transferred did proliferate destabilizing capabilities such as ballistic missile delivery systems and chemical weaponry to the region; both states had a record of supporting international terrorism (this fact was a contributing factor in the US transfers to Iran in order to gain the release of hostages); both nation's economies were destroyed by the war; and the weapons were used internally against domestic irritants (the Kurds in Iraq and the Azeris in Iran). If suppliers can agree on the norms and principles espoused above, why weren't they applied? The answer is that each supplier state saw it as in its interests to proceed with the trade in the absence of an effective and mutually acceptable regime. Norms and principles cannot be counted on to govern a state's action in the self-help anarchic system. Only an enforceable regime that provides for the sanctioning of violators could hope to produce the affect theorized by the advocates of a suppliers' cartel.

⁵⁶ Ibid.

Even more of a challenge to the practicality of coordinating restraint policies is the rise of Third World producer states. "The emergence of new centers of advanced defense industry and technology is accelerating the proliferation of modern weapons (and increasing overcapacity in worldwide weapons production)."⁵⁷ Among others, these centers include North and South Korea, Israel, Brazil, Argentina, and Singapore. Without a concurrent effort to stem the demand for modern weaponry, a cartel of the Big Five weapons exporters will only open up more markets to these producers, many of whom are starved for the hard currency that is brought in by selling arms to other developing nations.

The arms market in many respects can be compared to the oil market where there are few major suppliers and many small suppliers. This type of market is known as an oligopoly. In the oil market the Organization of Petroleum Exporting Countries held a major share of the world producing oil fields. (This is not unlike the current arms export market where the US, Russia, Great Britain, France, and China hold an 85% share of the market.)⁵⁸ While OPEC in the 1970s tried to force up the price of a barrel of oil through embargoes and production quotas, it also made other fields and further

⁵⁷ William W. Keller, "Global Defense Business: A Policy Context for the 1990s," Global Arms Production: Policy Dilemmas for the 1990s, ed Ethan B. Kapstein (New York: University Press of America, 1992), 63.

⁵⁸ Feinstein, 11.

exploration extremely profitable. New sources of oil flooded the market in the early- to mid-1980s triggering a significant correction in world oil prices. The market correction facilitated and exacerbated the divergence of the OPEC countries' interests leading to squabbles over production quotas and unsuccessful attempts at re-inflating the price of crude. In the same way, the arms market is self-correcting. Any market forgone by the major supplier nations will be filled by rising producers eager to take advantage of the prospective economic and military benefits arms transfer provide.

The only way to control for divergent interests, a self correcting market, and rising Third World producers would be the development, implementation, and maintenance of a comprehensive arms suppliers' regime. Therefore, to truly test the likelihood and efficacy of such a regime, a rigorous application of regime theory and testing is necessary.

CHAPTER III

TOWARDS A THEORY OF AN ARMS TRADE REGIME

The question is how does the international community deny arms to regional hot spots and rogue nations and thus deny them the opportunity to use these arms against their neighbors or others? Establishing such cooperation requires that all major arms producers from the First, Second, and Third Worlds be held accountable for not just their sales but also for second and third party transfers. These producers must also be willing to forgo the economic and strategic benefits they derive from arms transfers to these areas and be sure that the other producers party to the regime are willing and committed to doing the same.

With no supra-national governmental authority to determine outcomes and settle disputes in the international arena, however, a qualified state of anarchy exists that leads to uncertainty and risk for the decision-maker. This anarchy is mitigated by the many treaties, agreements, and international institutions that are meant to rationalize and order international relations among the actors in the system. Without this rationalization, risks could not be effectively calculated by state decision makers thus leading to increased

uncertainty and danger. The concept of international cooperation that includes regimes and international agreements has been used to study the factors that mitigate anarchy in the international environment. International regimes have been defined as "principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area."⁵⁹ Regimes can thus encompass both formal international institutions such as the United Nations and the General Agreement on Tariffs and Trade (GATT), agreements to embargo arms to a certain region, or informal norms such as the Superpowers allowing each others satellites to overfly their territory during the Cold War. Regimes cover an indefinite, long-term period. According to Stephen Krasner, "Regimes must be understood as something more than temporary arrangements that change with every shift in power or interests."⁶⁰ International agreements, however, fit into a less rigid definition of international cooperation. The distinction between regimes and agreements is that "[a]greements are ad hoc, often 'one-shot' arrangements."⁶¹ These principles, norms, etc. that drive regimes, however, are by nature a reflection of the national

⁵⁹ Stephen D. Krasner, "Structural causes and regime consequences: regimes as intervening variables," International Organization 36 (Spring 1982), 185.

⁶⁰ Krasner, 186.

⁶¹ Krasner, 187.

interests and thus power calculations of the states in the system.

An arms suppliers' regime touches on two of the most important inputs to the power, and thus interests, of a state-economic and military. As stated above, regimes are developed to mitigate risks and impose parallel expectations for the participating states. Therefore, a focus on those risks concerned with the economic and security regime issues is needed. These risks constitute the obstacles to the development and continuance of an arms suppliers' regime.

On the economic side, states engage in foreign military sales (FMS) derive a very lucrative income that benefits the domestic economy. First, just in income generated by FMS, between 1980 and 1987 the United States averaged \$20.445 billion per year. According to the Defense Security Assistance Agency (DSAA) jobs created and/or maintained by FMS programs were between 265,000 and 371,000 for the same time period.⁶² Since this income is generated through exports, FMS helps limit trade deficits and provides revenue for government spending. Regimes require states to sacrifice short-term interests for better long-term interests. In a state of anarchy that focuses on relative gains, these interests are by definition self-interests.

⁶² William D. Bajusz and David J. Louscher, Arms Sales and the U.S. Economy: The Impact of Restricting Military Exports (London and Boulder: Westview Press, 1988), 52-3.

In a military-strategic sense, arms transfers develop many benefits that states cannot ignore. First and foremost of these benefits is the positive influence these transfers have on the domestic military force structure. These benefits include:

- Production lines staying open longer thereby providing larger purchase windows.
- Decreased per unit costs due to economies of scale--more hardware can be bought or savings can be redirected to other programs.
- FMS helps defer non-recurring development and procurement costs.

These inputs into the domestic force structure are by no means trivial as can be seen by the F-15, F/A-18, and F-16 programs. Prospective restraint on sales of these weapons systems in the Middle east would cost the U.S. between \$4.1 billion and \$6.4 billion. This lost revenue and savings could fund entire combat wings for the U.S. Air Force.⁶³

Beyond the force structure argument, a restraint regime requires states to give up short- and long-term strategic interests as well. First, creating dependence on one's arms supplies allows the merchant state to control the level of technology available to the recipient state. Proliferation of high technology conventional military equipment is of growing concern, and this dependence is one effective tool to control that proliferation. Second, if the dependent country should suddenly turn into an enemy or rogue state, spare parts and upgrade technology can be withheld forcing the rogue state's

⁶³ Bajusz, 119.

force structure to become worn out, broken down, and obsolete such as the F-14s the US supplied to Iran under the Shah. A second strategic concern forgone by states when they enter a supplier's regime are the military-to-military and government-to-government contacts formed through the FMS process. It is thought that these ties can be used to influence and moderate the policies of the client states. Besides these short-term influences, the long-term consequences include not developing the person and professional friendships offered by FMS interactions; forgoing FMS today could mean forgoing future strategic influence and cooperation with the client state.

The following discussion will focus on the development of the concept of regimes, its theoretical usefulness, and its application to efforts to control the flow of arms to the Third World. Emphasis must be given to the core economic and security interests associated with an arms transfer regime. From this analysis, a model transfer regime will be developed to test with a critical case study.

REGIME THEORY

While not as in vogue as it was in the early- to mid-eighties, the concept of regimes is still used today to describe the phenomena of cooperation in the anarchic world system. When will states cooperate? Under what rule systems will they agree? What incentives are there to adhere to regimes, and what incentives are there to cheat? Not only are

these questions important to the academic concerned with the workings of the international system, but they are of supreme importance to the policy-maker. In the case of an arms suppliers' regime, this policy-maker needs to know when he/she should pursue a policy of cooperation and coordination with another state and when such cooperation is unfeasible and counter to the long-term interests of that policy-maker's state.

The impetus to study the concepts of international cooperation and regimes was brought on by the perceived decline in American hegemony in the late 1970s and early 1980s. Studying the post-World War II international system, structural theoreticians observed that international institutions and regimes were manifestations and facilitators of cooperation among nations. From observing this cooperation among nations, two conceptions of cooperation developed. First, structural "realists" conceptualized that "any cooperation that occurs would be derivative from overall patterns of conflict."⁴ Thus cooperation is couched in the international play for power which is both the ends and the means of state action. Any arms transfer regime would then have to reflect the power calculations of those countries involved and be used to maintain or extend the power of those countries.

⁴ Robert O. Keohane, After Hegemony: Cooperation and Discord in the World Political Economy (Princeton: Princeton University Press, 1984), 7.

Within this school of thought, the state is the primary actor which interacts within a framework defined by the entire international system. As stated above, the prime motivation of the actors within the system is self-preservation. The structural realist relies upon rational actor assumptions that each action by the state is calculated either to minimize loss or maximize gain. Thus states will only cooperate with other states in the international system when the overall benefits of entering into agreements and regimes outweigh the overall losses associated with entering into the agreement and those benefits foregone if the state had refused to cooperate.

As alluded to above, power is a relative concept. A state only has power relative to the other states in the international system. This relative power may be conceptualized as a percentage of the absolute power available, though operationalization of total power has proven problematic. With this conceptualization, absolute power gains by one state needn't coincide with an absolute decline in power of the other states in the system. There could, in fact, be a gain in the power available in the system--be this through economic growth, technological developments etc. What must be considered by the state, however, is how its absolute gain relates to the gains of the other states. According to Kenneth Waltz, "They [states] are compelled to ask not 'Will both of us gain?' but 'Who will gain more?'"⁶⁵ Focusing on

⁶⁵ Waltz, 101.

relative gain renders cooperation very difficult in an anarchic world system. For example, two states enter into a trade regime that benefits both countries in absolute terms by increasing their overall wealth. If country A gains two percent in its overall gross domestic product (GDP) and country B gains ten percent in its GDP, country A has lost economic power vis-a-vis country B. Hence, under the conditions set out by structural realism, country A will be hesitant or adverse to entering that trade regime even though it may gain in absolute terms. In an arms transfer regime the calculus is even more difficult because it is concerned with giving up the benefits derived from arms sales and the relative "losses" associated with such self-deprivations. Foregoing arms sales is much more painful for France which depends on it for the survival of its arms industry than for the US which has a much lower fraction of its production going to foreign markets.

Cooperation is possible and even likely when two countries' interests converge in the same issue area upon a common policy. In such instances, however, a regime or rule system governing that cooperation is unnecessary as both countries "share a most preferred outcome" that will be acted upon no matter the actions of the other country." The only overriding rule in the arms trade is not to sell arms to one's

" Arthur A. Stein, "Coordination and collaboration: regimes in an anarchic world," International Organization 36 (Spring 1992), 302.

enemy, the US, Russia, and the other Big Five countries all observed this tenet. Precisely because each state's desires converged on the same option regardless of the actions of others, no norms, principles or institutional framework is needed to facilitate this outcome. The risks associated with entering into cooperation in such a case have been mitigated since the uncertainty associated with the other's action is not considered in the equation. Thus regimes, in this framework, are only important and interesting in those issue areas where the outcome desired by the concerned states requires the calculation of risk associated with the actions of other states in the international system.

Norms, principles, rules, or institutions are necessary when two or more states' interests converge on an issue area that is dependent on the actions of other states in the system. If two hostile arms supplier states have an interest in seeing their Third World clients lower defense expenditures to redirect funds to economic development creating a more stable domestic and regional situation, it does not follow that they will by nature cooperate to deny arms to their regional clients. They are constrained by the external factors of risk involved in not knowing the strategy and, above all, the motivations of the other country. Theoretically an arms transfer regime could mitigate these risk by allowing each side to share in the norms and expectations of the regime and cut their arms transfers. Each

state thus gives up any short-term strategic gain by decreasing arms transfers for the long-term benefits of an economically and socially stable Third World.

From the above reasoning, we should think many regimes exist and are easily set up. All decisions makers need do is find issue areas where common interests exist and a regime can be formulated to control the costs of cooperation. For the realists, however, this is not so easy a conclusion. As stated above, realists believe that states are motivated by a drive to maintain and expand their relative power in the international system. Therefore, gains made from the entrance and adherence to regimes will be calculated in relative terms. If client state A above gains more by investing in the domestic economy than does client state B and that in turn leads state A to a better overall strategic position, then according to realist calculations, observing the transfer restrictions will not be in state B's interests. B will be forced to seek arms from an alternative supplier to counter A's advantage. At that point the regime will be ineffective in stemming the flow of arms to the region and counter to the interests of the original supplier state since they lost the strategic and economic benefits of the original trade. The dilemma of relative gains is a significant obstacle to the development of and adherence to cooperative agreements and regimes in the international system.

Another significant obstacle that is focused on by realists is the problem of who provides the public goods necessary to operate a regime. A public good is defined as one "which all enjoy in common in the sense that each individual's consumption of such a good leads to no subtraction from any other individual's consumption of that good."⁶⁷ In the domestic environment, public goods including police, roads, systems of law, etc. are provided by the state. In the international environment there is no such overarching state authority to provide such public goods as protection of transnational intellectual property rights, treaty enforcement provisions, etc. Since each international regime's public goods must be provided for, there is an inherent conflict over who will pay the costs of providing these goods. Should a state take advantage of the regime without paying its share for the public good, we have the problem of the free-rider.⁶⁸

Because entrance into an international regime and the policy constraints imposed by that regime involve power calculations, public goods and free-riders must be considered in the power framework. If a state enters into a regime and must pay for the public goods it provides, that cost shouldered by the state detracts from any overall gains made

⁶⁷ Paul A. Samuleson, in Robert Gilpin, War and Change in World Politics (Cambridge: Cambridge University Press, 1981), 16.

⁶⁸ The free-rider "is an individual who consumes the good at no personal expense or little expense." From Robert Gilpin, War and Change in World Politics (Cambridge: Cambridge University Press, 1981), 16.

by the state. The United Nations budget demonstrates this phenomenon. The large share of this budget that is paid for by the United States is money that the U.S. could use on its domestic infrastructure or on its military forces. These UN expenditures detract from the either or both the economic and military power of the US. The realist argues, however, that the power gains in the US' international influence more than make up for the losses due to providing the public good of paying the UN's administrative costs, otherwise the US would renegotiate its UN dues. According to theory, states will be willing to pay for the provision of public goods should the power gains made by entry into the regime more than exceed those costs. For arms transfer controls, public goods include monitoring costs and transfer registers. The international community must decide who will carry the burden of these public goods before a transfer regime can be instituted.

Free-riders must also be analyzed within the power considerations. Free-riders take advantage of the payments of others to enjoy the goods provided. If the international community decides to restrict arms sales, any state or organization selling weapons is taking advantage of the unfulfilled demand thus becoming a free-rider. Since state decision-makers focus on relative power distributions, the problem of the free-rider is especially vexing. The public good must be provided for the effective working of the regime, but free-riders taking advantage of the regime gain the power

benefits of the regime without paying the costs. Thus these free-rider states are able to reap "unfair" relative gains from the regime. The international community is replete with accusations of free-riding. Take the North Atlantic Treaty Organization's (NATO) security regime. Throughout the Cold War, politicians in the US believed that our European allies were not paying their share of the military expenditures needed to make the NATO force an effective deterrent. This perception was expressed as a need for "burden sharing," for the European allies to stop free-riding under the US security umbrella. American politicians made the argument that the US was going broke paying for Western Europe's security while the Europeans got rich investing in their domestic economies. This is a classic example of the free-rider obstacle and the power calculations made in international cooperation.

For state decision makers to forgo these domestic economic benefits and practice FMS restraint they must have the expectation that other weapon suppliers will also practice restraint and not rush into the vacated market. While many have argued the moral implications of the arms trade, altruism has not been a major motivating factor in international relations. Thus, any restraint that is not reciprocated by other suppliers cannot help but be seen as challenges first to the legitimacy of the suppliers regime and second to the long and short term self-interests of the state practicing restraint. Unfortunately, in many Third World nations, if

they do not buy from the one source of advanced weaponry they prefer, they will buy from another supplier. This was true during the Cold War when Kuwait bought systems from the Soviet Union when they were refused from the US because of Congressional concerns over their effect on Israel. Today, in a world no longer constrained by Cold War concerns, states are more free to shop the international arms bazaar. Therefore, supplier states entering a regime must have the expectation that if they exercise restraints in arms trades, the other states party to the regime will not free-ride and take advantage of that restraint and gain the strategic influence and domestic security benefits forsaken.

With these obstacles to the development and maintenance of regimes, what then produces them in the international system? According to the realist camp, regimes are produced when the norms, principles, etc. converge with those of a dominant nation in the international system--a hegemon. Hegemonic stability theory states that the hegemon in the system has an interest in defining the relations among states in the system along liberal economic lines and instituting these norms in the forms of economic, diplomatic and security regimes. The major protagonist of this theory is Robert Gilpin who wrote that:

Since the Industrial Revolution, the two successive hegemonic powers in the global system (Great Britain and the United States) have sought to organize political, territorial, and especially economic relations in terms of their respective security and economic interests. They have succeeded in this hegemonic role partially because they imposed their will on lesser states and partially because other states benefitted from and accepted their leadership."

It is the hegemon who, because of its perceived interests and gains available through the organization of the international system, is willing to shoulder the costs of providing the public goods and is able to disregard the free-riders in the system. Thus for an arms suppliers' regime, the dominant supplier must be willing to provide much of the monitoring costs and be willing to sacrifice its market share to alternative suppliers and black marketeers not encompassed by the regime.

According to this theory, when the hegemon declines, its interests change and its willingness to shoulder the burden of the regimes wanes. After a period of institutional inertia, challenges to the regime eventually lead to its fall and the rise of a new hegemon willing to reorganize the system and institute new regimes. As evidence of this, the inter-war period has been cited. During this period, Great Britain could no longer handle the burden of maintaining the liberal trade order and be the lender of last resort. Consequently, when the system experienced the Great Depression, the regimes set up during the British hegemonic period were trampled by

" Gilpin, 144.

actions such as the Smoot-Hawley tariff act. With World War II came the rise of the United States, and a new hegemonic order was imposed on the system. Many realists see that today's regimes are temporary expedients that will fall by the wayside with the continuing decline in American dominance.

Counter to the realist construct of international cooperation are the neo-liberal institutionalists. Institutionalists see the political economy of the modern world as a new set of parameters not governed solely by the balance of power seen by the realists but instead driven by globalization and interdependence. These theoreticians "see cooperation as essential in a world of economic interdependence," and "argue that shared economic interests create a demand for international institutions and rules."⁷⁰ The functionalists and neo-functionalists fall into this camp of theorists. They believe that interdependence will create interests that converge on a certain issue area like embargoing arms to an area of intense conflict. Once the common interest is found, and institution is developed to handle the function specified. All participants in the functional regime will pay their relative share, thus avoiding the public goods and free-rider problems. These institutions then develop a life and constituency of their own. These constituencies then see to it that the institutions and

⁷⁰ Keohane, *Hegemony*, 7.

regimes remain in place despite changes in systemic power distributions.

With this conception of the development and maintenance of regimes, a hegemon is unnecessary to either begin the regime or to ensure its proper functioning. Thus what is inconceivable under realist constructs--the creation and/or maintenance of regimes without hegemony--is both possible and likely for the institutionalist. However, institutionalist theories made "excessively optimistic assumptions about the role of ideals in world politics, or about the ability of statesmen to learn what the theorist considers the 'right lessons.'"⁷¹ But these theorists are not completely off. Both realists and institutionalists have dated the decline of American hegemony as beginning in late-1960s, but we know now that while the post-World War II international regimes have undergone revision, GATT, the International Monetary Fund, World Bank, and the United Nations still exist. The structural realist could say that the power distribution did not change enough to precipitate the kind of withering of regimes predicted.

However, the systemic distribution of power was significantly changed in 1991 with the demise of the Soviet Union as a super-power. Again, the international regimes have evolved but they have not vanished. This cannot be merely explained by institutional inertia. A third outlook has been

⁷¹ Keohane, *Hegemony*, 8.

developed that attempts to account for the creation and maintenance of international regimes without the necessity of a hegemon but also recognizes the calculations of power and conflict in the international system. This third school holds that "although hegemony can facilitate cooperation, it is neither a necessary nor a sufficient condition for it."⁷² Cooperation and regimes are more easily developed under conditions of hegemony, but once created, the costs of maintenance are relatively low allow for its continuance. Regime survival is not inertia but is instead active adherence to and furtherance of the norms, principles, etc. of the regime.⁷³ For an international arms suppliers' regime in the current world system, theoretical base is important since it allows for us to theorize an ideal regime given the contemporary distribution of power and the context of the post-Cold War international order.

A MODEL ARMS TRANSFER REGIME

There are three ways to approach the problem of arms control regimes in the Third World. Looking at arms sales and transfers as a market, we can define the demand and supply sides of that market. The demand is a function of the regional instability, desire for power, self-preservation, and even a function of producers convincing clients they need

⁷² Keohane, *Hegemony*, 12.

⁷³ Keohane, *Hegemony*, 50.

certain weapon systems. The suppliers in turn compete to fill this lucrative demand with ever more sophisticated and more expensive weapon systems. Arms control agreements and regimes, such as the Conventional Forces Europe (CFE) agreement, can stem the flow of arms by drying up demand through regional arms limitation agreements. With no demand, suppliers will have smaller or non-existent markets to fill. Arms control regimes, like the attempted Convention Arms Transfer (CAT) talks, can work on the supply side of the equation by establishing norms and rules of restraint on the supplier countries' arms transfer systems. Thus demand stays constant, but there is no longer a supply of arms to fill the market. The third method, exemplified by the Nuclear Non-proliferation Treaty (NPT), attacks both sides of the market by negotiating limitations on both the supply of nuclear technology and equipment and the demand of for nuclear capabilities.

An arms supplier regime is one dedicated to the limiting of conventional military arms and technology from the supply side of the market exclusively. In essence it would set up a cartel of the major arm suppliers and dedicate them to a set of rules, norms, and principles governing the sales of arms to Third World nations. Since my concern is limiting arms to those regions of the world where political instability and the threat of conflict is highest, the focus by necessity must be on the supply side for two reasons. First, if the region is

stable enough to develop a demand regime--a regional arms limitation treaty--then there will be no market for suppliers to serve nor would there be any basis for a supplier regime. Second, with concern focused on unstable, conflictual regions, demand will always be there no matter the attempts to control it. One need look no further than faltered attempts at limiting the arms transfers to the Middle East following the Gulf War. Today, transfers of high-technology weapons systems are at an all time high with Saudi Arabia and Kuwait buying F-15s and other advanced armaments from the US and Iran buying diesel-electric attack submarines from the Russians.

Given the above obstacles to the establishment and workings of an international arms suppliers' regime, a hypothesized regime must be developed. If the purpose of this study is to determine the efficacy of a purely supply-side regime, the hypothesized regime must be developed to reflect near-ideal conditions. With such a hypothesized regime, a critical case could be examined that is either successful in denying arms where a demand exists, or fails by allowing arms to flow into the target country or region.

First and foremost, such a regime must include the United States. For all the cooperation theorists, the major nations must be included in any effective regime. In the arms market, the United States is the major player. For the "realists," though declining, the United States is still a hegemon. This is especially true in the arms trade:

Because the United States now sells more arms to regions of potential conflict than all other nations combined. In 1991, the United States accounted for 57 percent of all arms sales to the Third World.⁷⁴

Thus, according to theory, the power possessed by the US in this area should facilitate the creation and the maintenance of such a regime. Second, the other major producers--France, China, Russia, etc.--must be co-opted into the regime and agree to the norms and principles that regime espouses.

Last, such a regime must have a system to redress any assertions of cheating to deal with the potential free-rider problem. In essence, this enforcement mechanism is the public good that must be provided by the regime. It includes researching any real and potential arms leaks through the regime's arms screen, sanctions for those found in violation, and provisions for the enforcement of any proposed blockade. As these information gathering and enforcement mechanisms do not come cheap, burden sharing for the provision of these public goods must be a part of the original regime agreement.

According to the proponents of a suppliers regime, finding common interests in limiting arms supplies in a certain region and developing a regime that conforms to the above ideals, such a regime will be successful in not just slowing down arms transfers but effectively drying up deliveries of weapons to the offending region. It is this notion that will be tested in the following case study.

⁷⁴ Hartung, 57.

CHAPTER IV

THE CRITICAL CASE: YUGOSLAVIA

The former Yugoslavia provides us with the critical case to test our proposed ideal model of a suppliers' regime. Since the breakup of Yugoslavia, high tensions and inter-border conflicts have been the norm. As a result, the region has experienced scales of warfare not seen on the European continent since 1945 and the end of World War II. The international community has been appalled by the slaughter and by the seemingly unbalanced nature of the conflict that has most affected the civilian populations of Croatia and Bosnia-Herzegovina. This international outrage has resulted in several UN actions taken to quell the conflict and return peace to the region. Besides the requisite condemnation and economic sanctions of Serbia (deemed by the international community to be the aggressor in the conflict), the United Nations Security Council imposed "a general and complete embargo on all deliveries of weapons and military equipment to Yugoslavia."⁷⁵ In essence, this is the ultimate supply regime in that no arms are above the rule, no

⁷⁵ "The United Nations and the Situation in the Former Yugoslavia," United Nations Reference Paper (New York: United Nations, April 1993), 2.

regional participant is excepted, and, with the unanimous vote in the Security Council, all major suppliers are on board.

RESOLUTION 713: THE IDEAL TRANSFER REGIME?

On 3 July 1991, the United States Secretary of State James Baker indicated that the US and the members of the European Community (EC) were considering an arms embargo and economic sanctions against the former republics of Yugoslavia. Two days later, the US and the EC agreed to break all arms supply agreements with the former Yugoslavia, impose an embargo, and on 11 July 1991 "the United States suspended licenses for direct commercial exports of items on the US munitions list and stated that the State Department would refuse government-to-government sales."⁷⁶ The Conference on Security and Cooperation in Europe and all its participating states joined the embargo on 4 September 1991. This expanded the embargo to Central Europe and to the Soviet Union (the traditional allies of Serbia). Finally:

On 25 September 1991 UN Security Council Resolution 713 introduced a mandatory embargo on 'all deliveries of weapons and military equipment to Yugoslavia until the Security Council decides otherwise.'⁷⁷

This, in effect, extended the embargo worldwide making any arms sales to any former Yugoslav republic illegal. Thus all arms flowing into the region are contraband on a par with the

⁷⁶ Stockholm International Peace Research Institute, SIPRI Yearbook 1992 (Oxford: Oxford University Press, 1992), 298.

⁷⁷ Ibid.

illicit drug trade. We, therefore, have an arms suppliers' regime that requires the foregoing of any sales of arms to the region. This is an unambiguous goal that does not allow for circumvention because of legitimate self-defense reasons based on Article 51 of the UN Charter or on any other national security justifications.

As stated in Section III, the first thing essential in the establishment of a regime is that the prospective parties to that regime share in the principles and norms of that regime. These principles must reflect the national interests of those states, and must converge on the policy promoted by the regime. The arms ban to Yugoslavia displays this quality.

First, four of the Big Five (the US, Great Britain, France, and Russia) have a keen interest in a stable Europe and wish to avoid further conflict:

The Germans because of their war history; the Austrians, because of reminders of the Hapsburg Empire (which is also true for the Hungarians). The French may resist because of problems with northern African states, as with Algeria, and the British may wish to abstain because of their problems in Northern Ireland. Certainly, under President Yeltsin, the Russians, with all their domestic problems, do not want to get into Black-Sea pan-Slavism.^{7a}

With the Balkans being an historic flashpoint, containing the Yugoslav war is a prime goal for all involved. Second, none of these nations' arms transfers to the region were what could be considered an important market. Domestic jobs and foreign

^{7a} Wolfgang Danspeckgruber, "Balkan Web: Unraveling A Region's Tangled History," The Washington Post, 9 May 1993, C4.

currency reserves are not significantly based on arms trades with Yugoslavia, thus domestic pressures to continue the arms trade were minimal. Lastly, all nations stated that they shared the moral norm of wishing to see the end of bloodshed, civilian dislocation, and severe refugee problems. With war correspondent reports on the television, this moral norm has been driven into the domestic populaces and governments on a daily basis.

A successful regime must also include the hegemon and co-opt all other important players in the system. Again, the Yugoslav case exemplifies this characteristic. Passed by the United Nations Security Council, the resolution banning arms sales had to get by the veto power of the permanent members of the council. These five permanent members are the same five nations that constitute the "Big Five" arms exporting states who account for 87% of all arms transfers including the all important United States. Secondly, the General Assembly of the UN has signed off on the ban thus including the prominent Third World supplier states in the ban's regime. In essence, all suppliers in the international system have stated that they will not sell or otherwise transfer weapons to the former Yugoslav republics. Thus with the hegemon on board along with almost the entire international community, the establishment and maintenance the ban is seemingly assured by regime theory. Further, on 16 April 1993, the Security Council reaffirmed Resolution 713 by a vote of 15 yes, zero no, and zero

abstaining, thus reaffirming that the regime continued to have support throughout the time frame covered by this case study."⁹

Lastly, the regime must address the problems of cheating and the free-rider. The arms ban has to have a system to redress any violations of the regime. The United Nations also provides a forum for the airing of grievances and sanctioning by the General Assembly, the Security Council, or the World Court. Such sanctions include censure, condemnation, and economic sanctions. The free-rider problem is then this: any entity supplying arms to the region is taking advantage of the demand and markets left there by the abandonment of the market by the other suppliers in the system. The potential profits and thus the incentives to fill this lucrative market are huge. This incentive to cheat must be counteracted not only through a sanctions program but also through the effective gathering of information on violations. This information gathering entails phenomenal costs and must be borne by one or more parties before a regime can be effective. Again, the ban has displayed this characteristic in the form of air and sea surveillance. The United States and its NATO allies have taken on much of the burden of providing the public goods of monitoring and enforcing the regime with the UN picking up the rest of the burden. This surveillance is meant to detect any

⁹ Security Council Draft Resolution 819 (New York: United Nations, 16 April 1993), 1.

unauthorized arms shipments, stop those shipments, and determine the source to dry up any further arms flows. On 17 April 1993 the sanctions for violations too were reaffirmed and extended.⁸⁰

Also, because the transfer of arms to the region has been made illegal in all the major exporting states, the domestic law enforcement institutions provide another important layer of implementation for the regime. Thus with these common norms and principles, all the major players signed up, and all the institutions in place, the arms ban to the Former Yugoslavia should be the ultimate arms suppliers' regime. There is no doubt that the demand for arms in the region has continued at a high level throughout the past year and a half since the regime has been instituted. Thus we have found a critical case test of the efficacy and desirability of such a regime. Two criteria must be met before the Yugoslav ban can be considered a success: 1) significant arms flows need must stop, and 2) this stopping of the arms flows must lead to the desired results of a shortened conflict, lower death tolls, and greater regional stability.

METHODOLOGY

Unfortunately, because the arms trade with the former Yugoslavia is completely illegal by international law, it also

⁸⁰ Security Council Resolution 820 (New York: United Nations), 17 April 1993, 2.

resembles the drug trade in that data on the flows of arms includes much hearsay, "guesstimating," and incomplete or incorrect reports. Added to this, the case is so recent, much of the information available comes from news reports and from various arms control tracking groups. As of yet, no one has published an analytical piece concerning the trade that includes confirmed levels of armaments provided to the warring sides in the Yugoslav conflict. When the questions of what was going into Yugoslavia and from whom was asked of DSAA and the office in charge of arms transfers for the Air Force (SAF/IA), they stated that it was impossible for them to give any definitive information relating to the amount of trade and who was doing it. What they could confirm, however, was that arms have definitely flowed into the region by various access routes and that much of the information in the press about the deliveries was correct.

Because of these limitations and the information gained from US agencies, this case study will depend most upon press reports, the data gathered by the Stockholm International Peace Research Institute (SIPRI), interviews with officials at SAF/IA, resources gathered from the Departments of Commerce and State, the UN documentation center, and the Monterey Institute of International Studies. While incomplete and subject to much error, the data do give an excellent picture of the actual situation in the region and are sufficient to draw significant conclusions.

BACKGROUND

Traditionally, the Balkan region has been a tinder box of ethnic and religious hatreds. Centuries of foreign domination at the hands of the Romans, Byzantines, Ottoman Turks, and Hapsburgs left the region divided along religious, ethnic, and economic lines. This hatred has often overflowed into outright wars that engulfed neighboring nations--the oft cited case being the death of Archduke Ferdinand at the hands of a Serbian terrorist to start the slide into World War I. In the Yugoslav federation created in the aftermath of World War I, the Catholic northern nations of Slovenia and Croatia were the most prosperous republics enjoying economic development under the rule of the Austro-Hungarian Empire; the less developed southern regions dominated by the Eastern Orthodox Serbs enjoyed control over the army, the administration of government and the monarchy. "The decades between the two world wars were marked by tensions arising from Serbian efforts to dominate the prosperous regions to the north through the establishment of a strong centralized government and the obstructionist countermeasures of Croats and Slovenes."¹

World War II brought with it the opportunity for both sides to commit atrocities in an attempt to gain hegemony in a post-war order. In this fight, the Serbian Chetnicks,

¹ United States Institute of Peace, "Conflict and Conflict Resolution in Yugoslavia," Conference Report, July 13-15, 1992, 5.

Croatian Ustashe, and the Communist partisans all committed significant massacres of civilian populations. When it became obvious that Tito's partisans were more effective against the Germans, the Allied Powers recognized them as the leaders of the anti-Nazi forces in the Balkans to the detriment of the other groups. The partisans then moved quickly "to eliminate internal opposition and to blunt any Serbian attempts to reassert hegemony within Yugoslavia."⁸² Under Tito's thirty-year rule, ethnic tensions were successfully suppressed only to come back to the fore in the decade following his death in 1980. With the demise of communism in Eastern Europe and the Soviet Union nominally democratic elections placed secessionist leaders in place in Slovenia and Croatia facilitating the division of Yugoslavia. This division, however, has left pockets of ethnic minorities outside the borders of their republics. Even worse, Bosnia-Herzegovina is a patchwork of ethnicity with no clear majority. With Serbian efforts to establish a "Greater Serbia," Croatian irredentist pressures, and Muslim efforts to gain independence, the recipe for conflict and war was set.

Because of the republics' independent past and because "in December 1991 the federal prime minister and president resigned, bringing an end to the Yugoslav federation," this conflict must be viewed as an interstate war with civil war characteristics instead of the opposite. Hence when we

⁸² United States Institute of Peace, 7.

consider arms transfers to the region, they will be analyzed as transfers to independent governments attempting to circumvent the international embargo. This is an important distinction since realist theory is based on the state as the actor in the international system. If we were considering the Yugoslav case as merely a civil war, there would be questions like who is the sovereign, and who is the authority with the legitimate security concerns. If we cannot answer these questions sufficiently, are we not embargoing arms to an anarchic region where no legitimate authority exists thus rendering realist assumptions irrelevant? Since this is not the situation, we can analyze the case within the intellectual framework previously derived.

THE RECORD

The pre-1991 situation in Yugoslavia was one where the Serbian dominated Yugoslav National Army (JNA) had a monopoly on the means to carry out organized warfare. This included the forces, training, and logistical networks necessary for an army's successful prosecution of a military action. Slovenia, Bosnia and Croatia hadn't either the arms manufacturing base nor the foreign contacts to supply their forces should they need to enter the field of battle. The arms industry that was present in pre-war Yugoslavia, which produced mostly small arms and munitions, was located in the Serbian Republic. When hostilities broke out:

Since much of the industry is situated in Serbia, the Federal Army has had little difficulty in acquiring armaments. In addition, personnel expenditure and O&M [operations and maintenance] spending has increased. Yugoslavia's military expenditure rose by an estimated 10 percent in real terms in 1991. This only applies to the Federal budget. The defence expenditure of the two [at that time] seceded republics cannot be calculated."

In the face of the arms embargo to the entire region, this has given the Serbians (universally condemned as the aggressors in the conflict) a significant and almost overwhelming advantage. This, however, has not kept the Serbians from shopping the international arms bazaar. "Yugoslav federal procurement expenditure, estimated to be about 40 per cent of the budget, is spent on acquisition from the domestic defence industry as well as on imports from abroad."⁸⁴ While the imports have slowed since the embargo, they have by no means stopped.

According to a 1 June 1992 New York Times report, while the US froze \$214 million in Yugoslav assets, the Serbians "shifted much of its \$1.5 billion in foreign currency reserves from Western banks to private or secret accounts in Cyprus."⁸⁵ These foreign reserves were then used by the Serbians to buy a multitude of arms. First, there was the 17 October 1991 report that the "Yugoslav Army, in cooperation with the Rumanian Army, has purchased 54 vehicles for the transportation of surface-to-surface missiles" along with

⁸³ SIPRI, Yearbook, 239.

⁸⁴ SIPRI, Yearbook, 238. Emphasis added.

⁸⁵ Eric Schmitt, "Reluctant to Use Force, U.S. Is Assessing Sanctions," The New York Times, 1 June 1992, A8.

repeated allegation in the Polish media "that Romania has been selling surface-to-surface missiles, vehicles for the transportation of these missiles and other military equipment to the Yugoslav People's Army."⁶⁶ Existence of these missiles was confirmed on 30 December 1991 in the London Financial Times when they reported that "the Yugoslav army had used surface-to-surface missiles in attacks on the suburbs of Zagreb [the Croatian capitol]."⁶⁷

According to the Bush administration enforcing sanctions on Serbia's porous borders was difficult if not impossible and that it was hoped that "worldwide condemnation would jar Belgrade into compliance."⁶⁸ This worldwide condemnation, however, has not been as universal as hoped. An especially vexing violation of the arms embargo was Chile's transfer of weapons to the Serbians. Without the approval of or even the consultation with the newly installed civilian authorities in Chile, General Pinochet's army was able to "covertly" sell significant weapons and supplies to the Serbian forces.⁶⁹ Because of the illegality and the covert nature of the

⁶⁶ Monterey Institute of International Studies, Proliferation Issues (7 November 1991), 12.

⁶⁷ "Missiles 'fired against Croatian capital,'" The London Financial Times, 30 December 1991, 2.

⁶⁸ Schmitt, A8.

⁶⁹ Silvana Rubino, "New Challenges: Regional Security and Democracy in Latin America," Paper presented at the Annual Meeting of the International Studies Association, Alcapulco, Mexico, March 23-28, 1993, 23.

transfer, exact quantities are impossible to determine, but the fact that it occurred shows that when a lucrative demand exists, supply will follow.

The Tito regime did locate some arms production outside of Serbia. This arms manufacturing outside of Serbia is in lower technology small arms like the Kalashnikov assault rifle (AK-47) and are based in multi-ethnic Bosnia.⁹⁰ With domestic capabilities made paramount by the embargo, these production facilities have become essential to the Bosnian Muslims and have been the object of much fighting. However, the Bosnian Serbs again have dominated using their superior firepower to gain 70% of the Bosnian territory and much of its manufacturing base. In essence the arms embargo has made these production sites important strategic goals and has fueled more intense battles instead of diffusing the violence as planned by the United Nations.

From the beginning of the conflict between the federal forces and Croatia in the summer of 1991, Croatia operated at a distinct disadvantage with the Federal forces dealing them defeat after defeat. Finally in May of 1992, with the Serbs controlling most of the Croatian border region known as the Krjina, UN Special Envoy Cyrus Vance was able to negotiate a cease-fire and a deployment of 14,000 UN peacekeeping troops in the region. At that time, Croatia was prostrate from the

⁹⁰ From an interview conducted by the author with SAF/IA, 31 May 1993.

almost yearlong fighting and unable to effectively confront the Serbians on the battle field. Yet just nine months later, the Croats were able to launch a successful offensive in the Krjina region despite the presence of the UN forces. The question then is how did Croatia obtain the arms to prosecute an offensive? These weapons could not all come from the development of cottage arms industries. According to the Monterey Institute of International Studies, many sources are pointing to Austria as a clearing-house of arms for the Croats.⁹¹ Austrian government officials deny involvement. However, since this trade is illegal, it is likely that any transfers through Austria are carried out without the knowledge of the local authorities. It must be remembered that this trade is not in aircraft, heavy infantry or tanks, but instead in light arms that are easily concealed.

Croatia has been less covert about its rearming intentions than Serbia or the Bosnian Muslims. In the March 23, 1992 issue of Defense News, Croatia announced plans to procure and field a new Croatian Naval force.⁹² According to Croat Admiral Bozidar Grubisic, Croatia now has to "maintain a balance of power with rival Serbia and its federal Yugoslav armed forces," and he said, "We are looking for the latest high-technology weapons and other systems for our ships.

⁹¹ Monterey Institute of International Studies, Proliferation Issues (8 August 1991), 28.

⁹² Jason Feer, "Croatia Plans Navy With Antiship Missiles," Defense News (23 March 1992), 3.

Ideally we would like to buy Western equipment."⁹³ No mention was made by the Admiral about the illegality of these purchases under Resolution 713.

All three warring groups--Serbs, Croats, and Bosnian Muslims--have purchased weapons from a variety of sources. According to the United States Institute of Peace:

The embargo failed to stop arms and ammunition from pouring into the region, and into Serbia in particular... Croats, Bosnians, and Serbs have all been able to purchase a wide range of weaponry on the black market, and some countries have chosen to surreptitiously defy the embargo. The enforcement of the embargo in the Adriatic and on the Danube in particular was stepped up in the fall of 1992, but the effects of that step are yet to be seen."⁹⁴

Thus while slowing the flow of arms, the embargo has meant varying degrees of inconvenience for the warring sides--low for the Serbs, medium-high for the Croats, and high to near impossible for the Bosnian Muslims.

Sources of this black market equipment include the former Soviet Union. According to those in charge of Balkan issues at the Pentagon, much of the traffic has been in small arms and munitions (such as hand held rocket launchers, grenades, AK-47s, and mines) and has come from the ex-Soviets.⁹⁵ This trade originates with regional military commanders in the former Soviet republics who desperately need to feed their

⁹³ Ibid.

⁹⁴ United States Institute of Peace, 19.

⁹⁵ From interviews conducted by the author at SAF/IA, 9 May 1993.

troops. They sell their stockpiled arms to black market traffickers who transport it to the Black Sea ports of Ukraine. From there the arms are shipped up the Danube through Moldova and Romania into the Balkans. These transfers either slip past UN monitors disguised as legal food or medical shipments or is run at night through lightly guarded border crossings. Less reliable are reports of arms shipments to Serbia and Croatia via North Korea. Also, Wolfgang Danspecker, Professor of European Politics at Princeton, reported in the Washington Post that the Middle East arms connection has been a "help for Bosnian Muslims and Kosovo from places like Iran and Saudi Arabia."⁹⁶ Thus the trade, while now slowed, the underground trade has continued and even expanded despite the embargo.

THE EFFECT

What then has been the effect of banning weapons to the region? Has the conflict been shortened? Are war related deaths being kept to a minimum? Has the embargo had the effect of conforming to international norms of morality and justice? The answer to these questions must be no.

As seen from the record above, the ban on the trade has been ineffective in effectively stopping the warfare. All cease-fires negotiated since the imposition of the arms embargo have not come about through lack of munitions or

⁹⁶ Danspeckgruber, C4.

armaments and deaths continue to mount. More importantly, however has been the moral outrage that has occurred in the Balkans since July 1991:

It was hoped that the embargo would slow the pace of fighting and inhibit Serbian aggression... At the outset of the fighting, the JNA possessed huge stockpiles of weapons and ammunition, which created a tremendous disparity in armaments that favored the Serbs. To the extent that the embargo has had any impact, it has reinforced Serbian superiority in weapons and supply by making it more difficult for the Muslim and Croatian militias to import arms. This unintended consequence has led Bosnian government official to request that Bosnia be exempted from the arms embargo."

Thus the Serbs have been helped in their "ethnic cleansing" campaigns by the embargo. The legitimate self-defense goals of the Bosnians are ignored by the regime leaving the nation prone to further attack and plunder. When the Bosnians requested their exemption, however, the United Nations refused to act stating that they were "opposed to any actions that would lead to an intensification of the fighting.""" These cannot be the desired effects that Lee Feinstein deemed to be "self-evident."

By late April, 1993, the international community was no longer sure that the arms embargo was such a beneficial thing even in the tensest of regions. "Public opinion in Western Europe and the United States shift[ed] and may move

" United States Institute of Peace, 19.

" Ibid.

policymakers toward lifting the embargo."⁹⁹ In the United States both the Democrats and Republicans in the Senate were calling for the repeal of the embargo with Russell Feingold (D-MN) stating that the embargo was "perhaps our most serious mistake" and Robert Dole (R-KS) with Richard Lugar (R-IN) stating that the "principal effect [of the embargo] has been to deprive Bosnia's Muslims of weapons needed for self-defense."¹⁰⁰ These opinions are not only Western but are reflected by cries made in the Muslim world for a more even handed approach to the Yugoslav conflict with open arms transfers to the Bosnians legal. UN Resolution 713 and the resultant arms trade regime must be considered both a practical and moral failure.

⁹⁹ Ibid.

¹⁰⁰ Lee Feinstein, "Yugoslav Crisis Renews Debate on Ending Bosnian Arms Embargo," Arms Control Today 23 (May 1993), 21.

CHAPTER V

CONCLUSIONS AND PRESCRIPTIONS

First and foremost among the conclusions that can be drawn from the above theoretical exercise and case study is that in and of themselves, arms are not the great evil that leads inexorably to international conflict. The assumption that denying arms means denying the opportunity to make war is false. Arms will unfortunately go where there is a demand for them. Even with an enormous investment in enforcing any transfer regime, the self-correcting nature of the market will make it too lucrative for many entities (public and private) to forego the trade. This has been seen all too often in the drug trade and was demonstrated in the Bosnian case by the Chilean transfer. We must then be prepared to deal with the realities of the arms trade and pragmatically use it to attain the foreign and security policy goals set by the political leadership.

Second, we have seen that the moral implications of a transfer regime were not unfounded. Summarily banning arms can unintentionally favor one side of a conflict leading to what many are today calling genocide in the Bosnian case. We

can only ponder the effects of an arms regime writ large. What can be determined, however, is that treating the effects of tensions instead of the causes will not make the world a safer or more moral place. With these two conclusions in mind, we must develop a revamped policy towards armaments in the Third World.

POST-COLD WAR US TRANSFERS

During the Cold War many thought, and rightfully so, that much of the arms trade was a function of the Soviet-American competition in the Third World for strategic influence. Too much emphasis, however, was given to the Cold War's influence. This overemphasis can be seen in SIPRI's 1975 work concerning the Third World arms transfers:

[T]he military commitments of the big powers to Third World countries are to a great extent subsidiary consequences of the major arms race. It may well be assumed that as long as this race continues unabated it will also be an obstacle to regulating arms trade with Third World countries... [I]f relations between the United States and the Soviet Union improve, then various local conflicts which have been wholly or partly incorporated into the world power struggle will become easier to solve; the local demand for weapons would then fall, and the big powers themselves might find it easier to come to some agreement regulating supplies.¹⁰¹

Unfortunately, but predictably according to realist theory, the post-Cold War picture seen by SIPRI in 1975 has not come to pass. While the East-West conflict has ended, regional tensions, conflicts, and wars have not abated. Today the

¹⁰¹ SIPRI, The Arms Trade With the Third World (New York: Holmes and Meier Publishers, 1975), 310.

demand for advanced weaponry in the Third World is as high as it has ever been. Proliferation of missile delivery systems, advanced aircraft platforms, and precision guided munitions has not only continued but accelerated. This effect has been largely due first, to the simmering regional tensions long suppressed under the Cold War template and second, to the demonstrated capabilities of high-technology armaments in the 1991 Gulf War with Iraq.

In light of this and the realities of a post-Cold War environment that still offers many threats to US interests worldwide (such as the aforementioned submarine sales to Iran), the United States needs to develop a new two-track approach to arms transfers. The first track necessarily requires the continued sales of weapons overseas. As stated clearly in The Management of Security Assistance:

As long as there are challenges to United States national interests, security assistance will remain a major instrument of our national security and foreign policy. Security assistance serves our interests by assisting allies and friends to acquire, maintain, and, if necessary, employ the capability for self-defense.¹⁰²

This fact was acknowledged during the recent restraint negotiations with the other Big Five nations when the President stated that his "desire to curb proliferation doesn't mean we're going to refuse to sell anything to

¹⁰² The Management of Security Assistance, 12 ed. (Dayton, Ohio: The Defense Institute of Security Assistance Management, 1992), 5.

everybody."¹⁰³ The second track of US policy should be the development of regional arms control systems that address the demand for weaponry through confidence and security building measures (CSBMs). Both these tracks require the re-direction of US transfer priorities and toward a recognition of the realities of the post-Cold War international system.

The United States has an interest in ensuring the security of its Third World allies and in the stability and economic development of the Third World as a whole. While making the world safe from massive nuclear war, the post-Cold War environment has also made it safe for regional wars and conflicts. We must, therefore, re-evaluate our arms transfer policy in light of the systemic changes brought by the end of the Cold War and work towards the realization of both these goals. Instead of transfers motivated by competition with the Soviets for allies in the Third World, which allowed for unwise transfers to such countries as Iran and Somalia, the US needs a coherent policy that places emphasis on three main goals: 1) the enhancement of democratization forces and stability in the Third World, 2) further the interoperability of US forces thus enhancing US security and force projection capabilities, and 3) further US influence through coalition building. While the economic and military benefits of the arms trade should not be overlooked, they should not drive our

¹⁰³ Feinstein, 11.

policy nor should we place the interests of any one arms manufacturer above the interests enumerated above.

The means to these policy ends do not flow from the interests of our arms manufacturers. While the United States has a profound national interest in maintaining the defense industrial base, mistaking that general goal for any one manufacturer's interests leads to fiascos such as the McDonnell Douglas C-17 project. Our interest in maintaining a defense manufacturing base thus does not extend to using US embassy staffs to "support the marketing efforts" of our exporting manufacturers or using government funds to actively promote a certain company's wares in foreign air and arms shows.¹⁰⁴ Because of the demonstrated capabilities of American equipment in the Persian Gulf, our equipment is the most sought after on the international market. We do not need a marketing campaign to ensure demand for our manufacturer's arms. With the overwhelming orders for our equipment, we should determine not to bow to the ever present pressures to sell. Instead, more emphasis must be placed on the regional political-economic-military implications of each transfer--especially in the new post-Cold War context of resurgent nationalism and long dormant ethnic tensions. Each transfer must be justified by the three policy goal criteria discussed above. Thus a no-holds-barred transfer policy is not espoused. Restraints, like those on nuclear technology would

¹⁰⁴ Feinstein, 12.

remain in place not because of an international agreement to bar their transfer but because it is not in our national interest to water down our power by introducing a nuclear capability where it does not now exist.

When considering political-economic-military implications, we should also be wary of co-production and licensing arrangements. Much of the our current proliferation problem today is a result of Third World production capabilities built under the auspices of US licensing and coproduction agreements. According to the United States General Accounting Office, "Proliferation is challenging the notion that the United States is generations ahead of other countries in deploying synergistic technologies like those used in the Gulf War."¹⁰⁵ Simultaneously, we should safeguard US technology and discourage Third World weapons manufacturing by limiting these agreements. While other supplier nations may step in to fill a void left by the US, the technology transferred will not be of the same caliber as ours thus safeguarding our edge. Both the US and the Third World could benefit from recipients developing non-military industrial capabilities. This would reduce the growth in the current glut of arms production, provide much needed consumer

¹⁰⁵ GAO Report to the Chairmen, Senate and House Committees on Armed Services, "National Security: Perspectives on Worldwide Threats and Implications for U.S. Forces," (Washington: GAO, April 1992), 24.

manufacturing in the underdeveloped world, and reduce the proliferation of advanced weapons technology.

Along with the transfer of armaments to the Third World, the US should dedicate itself to the control of demand for weapons. While striving to fulfill the security needs of our allies, in conjunction with those allies we should be engaged in international efforts to decrease the regional tensions present. Such efforts are badly needed.

It is remarkable that in spite of the progress of arms control negotiations in the East-West framework and the usefulness of such a model for stability and security elsewhere, there is no functioning formal arms control mechanism in any Third World conflict situation.¹⁰⁶

We must target the root cause of the tensions. This is presently underway in the Middle East through the talks co-sponsored by the United States and Russia. "Since intentions are the most difficult of all questions about an adversary to divine accurately, anything that helps in that area can be very valuable."¹⁰⁷ One concept that helps adversaries do this is transparency which "offers warning time during which governments can act, either by mobilizing forces or by redressing an equipment imbalance."¹⁰⁸ Through negotiation and confidence and security building measures such as arms

¹⁰⁶ Saadet Deger and Somnath Sen, Military Expenditure: The Political Economy of International Security (Oxford: Oxford University Press, 1990), 141.

¹⁰⁷ James E. Goodby, "Transparency in the Middle East," Arms Control Today 21 (May 1991), 8.

¹⁰⁸ Ibid.

ceilings, transfer registration, regional conflict working groups, and military observer exchanges we can introduce transparency to tense regions thus mitigating the security dilemma and leading us to the beneficial aspects of arms control. The major benefit, of course, is the limitation on the demand for arms. This limited demand will provide an arms control dividend that the region can use to invest in the infrastructure, education, etc. that the proponents of arms transfer restraint regimes espouse.

Lastly, when again confronted with a situation resembling Yugoslavia where the sides are already involved in hostilities, it is not in our or the world's interests to summarily deny weapons to the region. Such a ban gives too much advantage to those countries with domestic production capabilities or the hard currency available to supply themselves on the black market. Our interest are not served by such actions. Instead, in concert with our allies, we should develop policies that are region specific following from the goals set out by our arms transfer policy. Through emphasizing democracy, power projection, and alliance building we can develop a policy that is more in line with our national interests and norms.

If these criteria were applied to the Yugoslav case, an arms ban would not have resulted. We stuck too long to the premise that the maintenance of Yugoslavia as a single entity was possible. Instead, support should have been extended to

the newly elected governments of Slovenia and Croatia. Recognizing that we cannot lay the blame for the conflict exclusively on the Serbs, we should have utilized more effectively the Conference on Security and Cooperation in Europe to determine the equitable distribution of former Yugoslav territories in conjunction with guarantees for minority rights. Should hostilities still have escalated, the newly independent countries could then have been given the international right to self defense and thus be allowed to purchase the necessary armaments openly on the world market. Simultaneously, sanctions should have been enforced on the Milosovic regime in Serbia. These steps could have "evened" the fight and maybe could have deterred the escalation of the conflict to Bosnia.

In the final analysis, we must understand the international system and realize that the establishment of an arms suppliers' regime is both undesirable and unattainable in the face of continuing international tensions and the demand for arms that come with those tensions. Arms transfers can be a positive influence on the security and stability of a region if done prudently and consistently within a coherent national strategy. Therefore, the US should adopt a dual track approach to arms transfers that allays our allies' security fears through weapons transfers and works to counteract the security dilemma and lower weapons demands through regional security systems. Lastly, we should endeavor to apply our

national security goals and our national norms when confronted with regional wars instead of summarily forcing the participants to the black market and thereby picking winners and losers.

BIBLIOGRAPHY

- Anonymous. The Management of Security Assistance, 12 ed. Dayton, Ohio: The Defense Institute of Security Assistance Management, 1992.
- _____. "National Security: Perspectives on Worldwide Threats and Implications for U.S. Forces," GAO Report to the Chairmen, Senate and House Committees on Armed Services, April 1992.
- _____. "Missiles 'fired against Croatian capital,'" The London Financial Times, 30 December 1991.
- Bajusz, William D., and David J. Louscher. Arms Sales and the U.S. Economy: The Impact of Restricting Military Exports. London and Boulder: Westview Press, 1988.
- Betts, Richard K. "The Tragicomedy of Arms Trade Control," International Security 5 (Summer 1980).
- Cannizzo, Cindy. The Gun Merchants: Politics and Policies of the Major Arms Suppliers, ed. Cindy Cannizzo. New York: Pergamon Press, 1980.
- Danspeckgruber, Wolfgang. "Balkan Web: Unraveling A Region's Tangled History," The Washington Post, 9 May 1993, C4.
- Deger, Saadet and Somnath Sen. Military Expenditure: The Political Economy of International Security. Oxford: Oxford University Press, 1990.
- Feer, Jason. "Croatia Plans Navy With Antiship Missiles," Defense News (23 March 1992).
- Feinstein, Lee. "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 22 (June 1992).
- _____. "Yugoslav Crisis Renews Debate on Ending Bosnian Arms Embargo," Arms Control Today 23 (May 1993).

Ferrari, Paul L., Jeffrey W. Knopf, and Raul L. Madrid. U.S. Arms Exports: Policies and Contractors. Washington: Social Issues Service, 1987.

Gilpin, Robert. War and Change in World Politics. Cambridge: Cambridge University Press, 1981.

Goldring, Natalie. "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 23 (June 1992).

Goodby, James E. "Transparency in the Middle East," Arms Control Today 21 (May 1991).

Hartung, William D. Issue Brief on Conventional Arms Sales, World Policy Institute. January 1993, 1.

_____. "Why Sell Arms? Lessons from the Carter Years," World Policy Journal (Spring 1993).

Keller, William W. "Global Defense Business: A Policy Context for the 1990s," Global Arms Production: Policy Dilemmas for the 1990s, ed Ethan B. Kapstein. New York: University Press of America, 1992.

Keohane, Robert O. After Hegemony: Cooperation and Discord in the World Political Economy. Princeton: Princeton University Press, 1984.

_____. "Realism, Neorealism and the Study of World Politics," Neorealism and its Critics, ed Robert O. Keohane. New York: Columbia University Press, 1986), 14.

Krasner, Stephen D. "Structural causes and regime consequences: regimes as intervening variables," International Organization 36 (Spring 1982).

McKinlay, R.D. and A. Mughan. Aid and Arms to the Third World. New York: St. Martin's Press, 1984.

Monterey Institute of International Studies. Proliferation Issues (8 August 1991).

Monterey Institute of International Studies. Proliferation Issues (7 November 1991).

Morgenthau, Hans J. Politics Among Nations, Sixth ed, rev. Kenneth W. Thompson. New York: McGraw-Hill, 1985.

- Pierre, Andrew J. The Global Politics of Arms Sales. Princeton: Princeton University Press, 1982.
- _____. "President Bush's Middle East Arms Control Initiative: One Year Later," Arms Control Today 23 (June 1992).
- Sampson, Anthony. The Arms Bazaar. London: Hodder and Stoughton, 1977.
- Sanders, Ralph. Arms Industries: New Suppliers and Regional Security. Washington: NDU Press, 1990.
- Sanjian, Gregory S. Arms Transfers to the Third World: Probability Models of Superpower Decisionmaking. Boulder, Colorado: Lynne Reinner Publishers, 1988.
- Schmitt, Eric. "Reluctant to Use Force, U.S. Is Assessing Sanctions," The New York Times, 1 June 1992, A8.
- Silvana Rubino, "New Challenges: Regional Security and Democracy in Latin America," Paper presented at the Annual Meeting of the International Studies Association, Alcapulco, Mexico, March 23-28, 1993.
- SIPRI. The Arms Trade With the Third World. New York: Holmes and Meier Publishers, 1975.
- Snider, Lewis W. "Arms Transfers and the Diffusion of Power: Implications for Foreign Policy," Military Assistance and Foreign Policy, ed. Craig M. Brandt. Dayton, Ohio: Air Force Institute of Technology, 1990.
- Stein, Arthur A. "Coordination and collaboration: regimes in an anarchic world," International Organization 36 (Spring 1992).
- Stockholm International Peace Research Institute. SIPRI Yearbook 1992. Oxford: Oxford University Press, 1992.
- United States Institute of Peace. "Conflict and Conflict Resolution in Yugoslavia," Conference Report, July 13-15, 1992.
- United Nations. "Security Council Resolution 820." New York: United Nations (17 April 1993).
- _____. "The United Nations and the Situation in the Former Yugoslavia," United Nations Reference Paper. New York: United Nations (April 1993).

_____. "Security Council Draft Resolution 819." New York: United Nations (16 April 1993).

_____. United Nations Disarmament Facts: 78 (New York: United Nations, 1991), 15.

Wagenmakers, Ambassador Hendrik. "The UN Register of Conventional Arms: A New Instrument For Cooperative Security," Arms Control Today 23 (April 1993).

Waltz, Kenneth N. "Anarchic Orders and Balances of Power," Neorealism and its Critics, ed Robert O. Keohane. New York: Columbia University Press. 1986.

THESIS ABSTRACT

**THE OHIO STATE UNIVERSITY
GRADUATE SCHOOL**

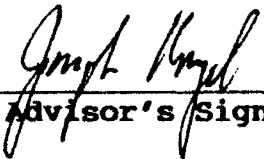
NAME: Hallman, Wesley, Phillip **QUARTER/YEAR:** Spring, 1993

DEPARTMENT: Political Science **DEGREE:** M.A.

ADVISOR'S NAME: Kruzel, Joseph, J.

TITLE OF THESIS: Limitations to the Establishment of an Arms
Supplier Regime

Since the rise of arms transfers across borders, there have been calls to limit or eliminate this trade through cooperative supplier restraints. An arms suppliers' cartel or regime ignores the security concerns of Third World states and picks winners and losers in conflicts. Also, such a regime is impractical. The Balkan arms embargo illustrates this point and suggests that the United States should focus its efforts not on a blanket arms cartel but on sales that promote security and stability in the Third World and discourages proliferation and Third World investment in arms production.



Advisor's Signature

THESIS ABSTRACT

**THE OHIO STATE UNIVERSITY
GRADUATE SCHOOL**

NAME: Hallman, Wesley, Phillip **QUARTER/YEAR:** Spring, 1993

DEPARTMENT: Political Science **DEGREE:** M.A.

ADVISOR'S NAME: Kruzel, Joseph, J.

TITLE OF THESIS: Limitations to the Establishment of an Arms
Supplier Regime

Since the rise of arms transfers across borders, there have been calls to limit or eliminate this trade through cooperative supplier restraints. An arms suppliers' cartel or regime ignores the security concerns of Third World states and picks winners and losers in conflicts. Also, such a regime is impractical. The Balkan arms embargo illustrates this point and suggests that the United States should focus its efforts not on a blanket arms cartel but on sales that promote security and stability in the Third World and discourages proliferation and Third World investment in arms production.

Advisor's Signature